



**MSUNDUZI LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## General Information

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<b>Legal form of entity</b>	Category B Municipality in terms of section 1 of the Local Government : Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996) and Municipal Finance Management Act No. 56 of 2003.
<b>Nature of business and principal activities</b>	<p>The primary function of Msunduzi Local Municipality is to provide basic services i.e. water, electricity, sanitation and refuse to the Msunduzi jurisdiction.</p> <p>Msunduzi Local Municipality is controlled by a Mayor, Deputy Mayor, Speaker, Chief Whip, ten Executive Committee members, the Accounting Officer and five General Managers who contribute to day-to-day management.</p>
<b>Grading of local authority</b>	Category - B
<b>Controlling entity</b>	Msunduzi Municipality
<b>Economic entity</b>	Safe City Msunduzi (Pty) Ltd
<b>Business address</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Postal address</b>	The City Hall Private Bag X321 Pietermaritzburg 3200
<b>Telephone</b>	(033) 392 2002
<b>Facsimile</b>	(033) 392 2208
<b>Legislation governing the municipality's operations</b>	<p>Municipal Finance Management Act (Act 56 of 2003) The Constitution of the Republic of South Africa ( Act 108 of 1996) Municipal Structures Act ( Act 117 of 1998) Municipal Systems Act ( Act 32 of 2000)</p> <p>Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007) Municipal Demarcation Act (Act 27 of 1998)</p>
<b>Bankers</b>	First National Bank
<b>Website</b>	<a href="http://www.msunduzi.gov.za">www.msunduzi.gov.za</a>
<b>Accounting Officer</b>	Nelisiwe Margret Ngcobo (Acting)
<b>Auditors</b>	The Auditor General of South Africa
<b>Chief Finance Officer (CFO)</b>	Dudu Gambu (Acting)
<b>Executive Committee</b>	<p>Mayor - Njilo Mduduzi Jerome - Refer to note 64 (Events after reporting date)</p> <p>Deputy Mayor - Zuma Thobani - Refer to note 64 (Events after reporting date)</p>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## General Information

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### Councillors

Speaker - Ngubo Jabu - Refer to note 64 (Events after reporting date)  
Chief Whip - Magubane Truman V. - Refer to note 64 (Events after reporting date)  
Chairperson : Community Services portfolio - Khumalo Sphamandla Dennis - Refer to note 64 (Events after reporting date)  
Chairperson : Corporate services portfolio - Sithole Philisiwe - Refer to note 64 (Events after reporting date)  
Chairperson : Sustainable development and city enterprises portfolio - Majola Nomagugu Eunice - Refer to note 64 (Events after reporting date)  
Executive Committee member - Dlamini Tholakele Ignatia - Refer to note 64 (Events after reporting date)  
Executive Committee member - Majola Jerome Sibongiseni  
Executive Committee member - McArthur Glenn Robert  
Executive Committee member - Msimang Prudence Nokuthula - Refer to note 64 (Events after reporting date)  
Executive Committee member - Ntombela Dennis T.  
Municipal Public Accounts Committee Chairperson - Schalkwyk Mary Adkins Shawn  
Ahmed Najmah Banu  
Ahmed Rooksana  
Amod Michael Ismail  
Chetty Claudell Milany (resigned)  
Dlamini Ambrosia Sibongile  
Dlamini Godman Nkosivelile  
Dlamini Sandile Wellington  
Dlela Nomalady Eleanor  
Duma Prince Dumisa  
Gambu Nkosinathi Chasewell  
Goga Mohammed Salim  
Gwala Nelisiwe Jannet  
Gwala Sindisiwe Cydy (deceased)  
Inderjit Manilal  
Jugmohan Renesha (resigned)  
Lambert William Francis  
Lyne Sandra Patricia  
Madlala Linda Linford  
Madlala Siphamandla Sydney  
Madonda Siphon Innocent  
Madondo Ignatia Thandiwe  
Majola Terrence Sboniso  
Mbanjwa Nkosinathi Maxwell  
Mhlongo Snathi Raphael  
Mkhize Dorcas Sibongile  
Mkhize Mtuza Bhekithemba  
Mkhize Nkululeko Fortune  
Mncwango Gladness Sibongile  
Molefe Thabiso Patrick  
Mtshali Blessing Sbusiso  
Ndawonde Sipiwe Caiphas  
Ndlovu Nelisiwe Zanele  
Nene Jabulani

# Msunduzi Local Municipality

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## General Information

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Nene S'fiso Derrick  
Ngcobo Jeffrey Mbuyiselwa  
Ngcobo Katherine Malindi  
Ngongoma Xolani Ellington  
Ngubane Sandile Duncan  
Ngubo Gugu Mary-Jane  
Ngubo Jabulisile Joyce - Speaker  
Ngubo Manqoba  
Ngubo Zinhle Regina  
Nhlabathi Bongumusa Cyril  
Niemand Rienus  
Ntombela Ethel Zodwa (resigned)  
Nontobeko Khumalo  
Ntshangase Ntuthuko  
Oumar Mehmood-UI Hassan  
Phungula Dumisani Bernard  
Shange Sandile Cyril  
Singh Melika  
Sithole Thamsanqa Wonderboy  
Sivnath Rajdave  
Sokhela Balozile Cynthia  
Sokhela Mansizwa Simon  
Soobiah Rachel  
Strachan Ross Bryan  
Winterbach Ludwig Johann  
Zondi Dolo Phillip  
Zondi Hamilton Mlungisi  
Zondo Makhosazane Precious  
Zuma Bukelani Ephraim  
Zuma Michael Bhekabantu  
Zungu Ningi Jostinah  
Zungu Thandiwe Rose (resigned)

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

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### Abbreviations

ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DSB	Development Services Board
FNB	First National Bank
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	Kwazulu Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NCT	Natal Co-operative Timber Tree Farming (Pty) Ltd
NJMPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
RMB	Rand Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

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# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

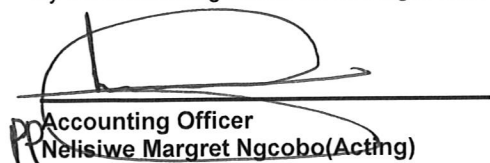
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's audit committee, internal and external auditors.

The external auditors are responsible for independently auditing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's internal auditors.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 50 of these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act

The annual financial statements set out on page 1-157, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2019 and were signed on its behalf by:

  
Accounting Officer  
Nelisiwe Margret Ngcobo(Acting)

Pietermaritzburg

Friday, 30 August 2019

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	328 457 681	349 541 866
Short term investment	4	15 674 518	8 869 457
Receivables from exchange transactions	5	19 270 247	46 773 779
Receivables from non-exchange transactions	6	2 568 619	2 600 669
Consumer debtors	7	429 540 998	581 955 661
Cash and cash equivalents	8	290 786 262	496 806 653
		<b>1 086 298 325</b>	<b>1 486 548 085</b>
<b>Non-Current Assets</b>			
Agricultural assets	9	79 700 000	63 863 790
Heritage assets	10	272 674 007	226 909 607
Intangible assets	11	40 783 434	51 854 908
Investment property	12	702 385 000	741 015 000
Living resources	13	948 425	928 494
Property, plant and equipment	14	7 018 452 561	6 981 562 809
Other financial assets	15	2 642 997	4 664 290
		<b>8 117 586 424</b>	<b>8 070 798 898</b>
<b>Total Assets</b>		<b>9 203 884 749</b>	<b>9 557 346 983</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Consumer deposits	16	107 229 302	108 809 333
Other financial liabilities	17	114 310 751	113 888 397
Payables from exchange transactions	18	892 614 036	876 165 419
Provisions	19	72 165 579	67 693 309
Employee benefit obligation	20	36 198 896	36 508 990
Unspent conditional grants and receipts	21	127 958 878	122 349 562
VAT payable	22	144 840 266	83 659 588
		<b>1 495 317 708</b>	<b>1 409 074 598</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	17	366 291 537	451 226 205
Provisions	19	62 662 384	62 323 158
Employee benefit obligation	20	562 080 514	667 511 174
		<b>991 034 435</b>	<b>1 181 060 537</b>
<b>Total Liabilities</b>		<b>2 486 352 143</b>	<b>2 590 135 135</b>
<b>Net Assets</b>		<b>6 717 532 606</b>	<b>6 967 211 848</b>
<b>Reserves</b>			
Accumulated surplus	23	6 488 619 348	6 735 577 204
Capital replacement reserve	24	40 992 378	92 323 393
Housing development fund	25	90 761 936	87 653 806
Revaluation reserve	26	97 158 944	51 657 445
<b>Total Net Assets</b>		<b>6 717 532 606</b>	<b>6 967 211 848</b>

\* See Note 65

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Agency services	27	1 970 390	2 577 730
Interest - consumer debtors and receivables	28	218 926 060	201 961 916
Interest received - bank, call and investment accounts	29	20 378 755	39 046 190
Licences and permits	30	829 644	898 614
Operational revenue	31	55 087 695	59 737 126
Rental of facilities and equipment	32	20 617 910	27 295 067
Rendering of services	33	8 265 686	8 879 826
Sale of goods	34	421 042	433 409
Service charges	35	2 942 608 164	2 708 918 550
<b>Total revenue from exchange transactions</b>		<b>3 269 105 346</b>	<b>3 049 748 428</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	36	930 980 085	864 164 006
<b>Transfer revenue</b>			
Fines, penalties and forfeits	37	12 557 144	14 284 733
Government grants and subsidies	38	1 007 479 072	928 477 180
Other transfers	39	9 162 557	14 897 250
<b>Total revenue from non-exchange transactions</b>		<b>1 960 178 858</b>	<b>1 821 823 169</b>
<b>Total revenue</b>		<b>5 229 284 204</b>	<b>4 871 571 597</b>
<b>Expenditure</b>			
Bulk purchases	40	(2 132 173 417)	(1 956 998 980)
Contracted services	41	(572 760 091)	(617 351 919)
Debt impairment	42	(880 003 656)	(726 386 993)
Depreciation and amortisation	43	(454 684 978)	(465 428 234)
Employee related costs	44	(1 286 457 482)	(1 188 564 523)
Finance costs	45	(52 462 384)	(61 439 423)
Impairment loss/ reversal of impairments	46	(5 719 754)	(3 728 759)
Inventory consumed	47	(58 538 021)	(69 287 186)
Operational costs	48	(123 679 880)	(135 847 278)
Operating leases	49	(33 068 023)	(42 549 034)
Remuneration of councillors	50	(44 130 681)	(45 020 093)
Transfers and subsidies	51	(26 090 875)	(27 009 938)
<b>Total expenditure</b>		<b>(5 669 769 242)</b>	<b>(5 339 612 360)</b>
<b>Operating deficit</b>		<b>(440 485 038)</b>	<b>(468 040 763)</b>
Gain/(loss) on disposal of assets		2 876 825	(871 236)
Fair value adjustments on investment property	52	(38 630 000)	57 190 307
Actuarial gains/losses	53	162 153 669	56 812 234
Gains/(losses) on agricultural assets and living resources	54	15 856 141	9 954 881
Inventory losses	55	(5 221 045)	(4 743 013)
		<b>137 035 590</b>	<b>118 343 173</b>
<b>Deficit</b>		<b>(303 449 448)</b>	<b>(349 697 590)</b>

\* See Note 65



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Changes in Net Assets

	Revaluation Reserve	Housing Development Fund	Capital Replacement Reserve	Total Reserves	Accumulated Surplus	Total Net Assets
Figures in Rand						
<b>Balance at 01 July 2017</b>	<b>51 027 945</b>	<b>80 530 079</b>	<b>164 290 005</b>	<b>295 848 029</b>	<b>7 371 413 290</b>	<b>7 667 261 319</b>
Changes in net assets						
Prior year adjustment	-	-	-	-	(345 639 073)	(345 639 073)
Transfer to HDF	-	(5 342 308)	-	(5 342 308)	-	(5 342 308)
Revaluation of heritage assets	629 500	-	-	629 500	-	629 500
Cash utilised for capital expenditure	-	-	(80 439 527)	(80 439 527)	80 439 527	-
Net income (losses) recognised directly in net assets	629 500	(5 342 308)	(80 439 527)	(85 152 335)	(265 199 546)	(350 351 881)
Surplus for the year	-	-	-	-	(349 697 590)	(349 697 590)
Total recognised income and expenses for the 12 months	629 500	(5 342 308)	(80 439 527)	(85 152 335)	(614 897 136)	(700 049 471)
Interest earned on investment account	-	2 466 035	8 472 915	10 938 950	(10 938 950)	-
Other transfers from KwaZulu-Natal Department of Human Settlement	-	10 000 000	-	10 000 000	(10 000 000)	-
Total changes	629 500	7 123 727	(71 966 612)	(64 213 385)	(635 836 086)	(700 049 471)
<b>Restated* Balance at 01 July 2018</b>	<b>51 657 445</b>	<b>87 653 806</b>	<b>92 323 393</b>	<b>231 634 644</b>	<b>6 735 577 203</b>	<b>6 967 211 847</b>
Changes in net assets						
Revaluation of heritage assets	45 501 499	-	-	45 501 499	-	45 501 499
Cash utilised for capital expenditure	-	-	(65 401 584)	(65 401 584)	65 401 584	-
Transfer to CCR	-	-	12 095 137	12 095 137	(12 095 137)	-
Net income (losses) recognised directly in net assets	45 501 499	-	(53 306 447)	(7 804 948)	53 306 447	45 501 499
Surplus for the year	-	-	-	-	(303 449 448)	(303 449 448)
Total recognised income and expenses for the year	45 501 499	-	(53 306 447)	(7 804 948)	(250 143 001)	(257 947 949)
HDF utilisation	-	106 929	-	106 929	-	106 929
Adjustments in accumulated surplus	-	-	-	-	8 161 779	8 161 779
Interest earned on investment	-	3 001 201	1 975 432	4 976 633	(4 976 633)	-
Total changes	45 501 499	3 108 130	(51 331 015)	(2 721 386)	(246 957 855)	(249 679 241)
<b>Balance at 30 June 2019</b>	<b>97 158 944</b>	<b>90 761 936</b>	<b>40 992 378</b>	<b>228 913 258</b>	<b>6 488 619 348</b>	<b>6 717 532 606</b>
Note(s)	26	25	24		23	

\* See Note 65

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		3 492 210 404	3 623 207 170
Interest income		20 001 043	38 933 720
Government grants		1 040 688 598	1 001 868 335
		<u>4 552 900 045</u>	<u>4 664 009 225</u>
<b>Payments</b>			
Employee costs		(1 273 646 125)	(1 261 438 000)
Suppliers		(2 877 174 948)	(2 796 120 953)
Finance costs		(47 404 409)	(54 960 155)
		<u>(4 198 225 482)</u>	<u>(4 112 519 108)</u>
<b>Net cash flows from operating activities</b>	56	<b><u>354 674 563</u></b>	<b><u>551 490 117</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(464 510 106)	(654 442 061)
Proceeds from sale of property, plant and equipment	14	3 715 678	-
Purchase of other intangible assets	11	(800 000)	(8 968 380)
Net movement in financial assets		2 021 293	(4 664 290)
(Increase)/decrease in short term investment		(6 155 452)	306 236
<b>Net cash flows from investing activities</b>		<b><u>(465 728 587)</u></b>	<b><u>(667 768 495)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(94 966 367)	(61 681 966)
<b>Net cash flows from financing activities</b>		<b><u>(94 966 367)</u></b>	<b><u>(61 681 966)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(206 020 391)</u></b>	<b><u>(177 960 344)</u></b>
Cash and cash equivalents at the beginning of the year		496 806 653	674 766 997
<b>Cash and cash equivalents at the end of the year</b>	8	<b><u>290 786 262</u></b>	<b><u>496 806 653</u></b>

\* See Note 65

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of goods	-	-	-	421 042	421 042	Refer to Note 75 for variance analysis comparison
Service charges	3 024 881 461	(39 278 846)	2 985 602 615	2 942 608 164	(42 994 451)	
Rendering of services	-	-	-	8 265 686	8 265 686	
Rental of facilities and equipment	35 220 144	(8 968 634)	26 251 510	20 617 910	(5 633 600)	
Interest received- consumer debtors and receivables	118 141 277	64 631 851	182 773 128	218 926 060	36 152 932	
Agency services	-	543 380	543 380	1 970 390	1 427 010	
Licences and permits	100 067	910 648	1 010 715	829 644	(181 071)	
Operational revenue	165 019 057	(20 994 812)	144 024 245	55 087 695	(88 936 550)	
Interest received - bank, call and investment	39 866 400	(13 009 315)	26 857 085	20 378 755	(6 478 330)	
<b>Total revenue from exchange transactions</b>	<b>3 383 228 406</b>	<b>(16 165 728)</b>	<b>3 367 062 678</b>	<b>3 269 105 346</b>	<b>(97 957 332)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	900 836 973	14 726 977	915 563 950	930 980 085	15 416 135	
<b>Transfer revenue</b>						
Government grants and subsidies	1 077 020 301	(1 272 608)	1 075 747 693	1 007 479 072	(68 268 621)	
Fines, penalties and forfeits	75 203 073	(60 048 349)	15 154 724	12 557 144	(2 597 580)	
Other transfers	-	-	-	9 162 557	9 162 557	
<b>Total revenue from non-exchange transactions</b>	<b>2 053 060 347</b>	<b>(46 593 980)</b>	<b>2 006 466 367</b>	<b>1 960 178 858</b>	<b>(46 287 509)</b>	
<b>Total revenue</b>	<b>5 436 288 753</b>	<b>(62 759 708)</b>	<b>5 373 529 045</b>	<b>5 229 284 204</b>	<b>(144 244 841)</b>	
<b>Expenditure</b>						
Employee related costs	(1 264 814 284)	(3 499 448)	(1 268 313 732)	(1 286 457 482)	(18 143 750)	
Remuneration of councillors	(48 573 498)	(1)	(48 573 499)	(44 130 681)	4 442 818	
Depreciation and amortisation	(467 691 492)	(13)	(467 691 505)	(454 684 978)	13 006 527	
Impairment loss/ reversal of impairments	-	-	-	(5 719 754)	(5 719 754)	
Finance costs	(50 672 170)	(7 004 306)	(57 676 476)	(52 462 384)	5 214 092	
Operating leases	-	-	-	(33 068 023)	(33 068 023)	
Debt impairment	(110 178 020)	(130 000 000)	(240 178 020)	(880 003 656)	(639 825 636)	
Bulk purchases	(2 050 322 398)	(84 737 457)	(2 135 059 855)	(2 132 173 417)	2 886 438	
Contracted services	(605 859 950)	(65 150 535)	(671 010 485)	(572 760 091)	98 250 394	
Transfers and subsidies	(57 139 566)	14 647 322	(42 492 244)	(26 090 875)	16 401 369	
Inventory consumed	(63 489 388)	4 420 649	(59 068 739)	(58 538 021)	530 718	
Operating costs	(209 226 737)	18 832 852	(190 393 885)	(123 679 880)	66 714 005	
<b>Total expenditure</b>	<b>(4 927 967 503)</b>	<b>(252 490 937)</b>	<b>(5 180 458 440)</b>	<b>(5 669 769 242)</b>	<b>(489 310 802)</b>	

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Operating deficit</b>	<b>508 321 250</b>	<b>(315 250 645)</b>	<b>193 070 605</b>	<b>(440 485 038)</b>	<b>(633 555 643)</b>	
Gain on disposal of assets	-	(22 000 000)	<b>(22 000 000)</b>	2 876 825	<b>24 876 825</b>	
Fair value adjustments on investment property	-	-	-	(38 630 000)	<b>(38 630 000)</b>	
Actuarial gains/losses	-	(163 000 000)	<b>(163 000 000)</b>	162 153 669	<b>325 153 669</b>	
Gain/loss on agricultural assets and living resources	-	(15 900 000)	<b>(15 900 000)</b>	15 856 141	<b>31 756 141</b>	
Inventory losses	-	-	-	(5 221 045)	<b>(5 221 045)</b>	
	-	<b>(200 900 000)</b>	<b>(200 900 000)</b>	<b>137 035 590</b>	<b>337 935 590</b>	
<b>Deficit before taxation</b>	<b>508 321 250</b>	<b>(516 150 645)</b>	<b>(7 829 395)</b>	<b>(303 449 448)</b>	<b>(295 620 053)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>508 321 250</b>	<b>(516 150 645)</b>	<b>(7 829 395)</b>	<b>(303 449 448)</b>	<b>(295 620 053)</b>	

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	74 312 250	70 401 793	<b>144 714 043</b>	328 457 681	<b>183 743 638</b>	Refer to Note 75 for variance analysis comparison
Short term investment	639 027 283	(278 308 276)	<b>360 719 007</b>	15 674 518	<b>(345 044 489)</b>	
Receivables from exchange transactions	-	-	-	19 270 247	<b>19 270 247</b>	
Receivables from non-exchange transactions	376 443 620	(292 571 154)	<b>83 872 466</b>	2 568 619	<b>(81 303 847)</b>	
Consumer debtors	1 512 750 100	(693 613 451)	<b>819 136 649</b>	429 540 998	<b>(389 595 651)</b>	
Other financial assets	43 081	(43 081)	-	-	-	
Cash and cash equivalents	100 000 000	-	<b>100 000 000</b>	290 786 262	<b>190 786 262</b>	
	<b>2 702 576 334</b>	<b>(1 194 134 169)</b>	<b>1 508 442 165</b>	<b>1 086 298 325</b>	<b>(422 143 840)</b>	
<b>Non-Current Assets</b>						
Agricultural assets	46 520 046	(46 520 046)	-	79 700 000	<b>79 700 000</b>	
Investment property	356 913 816	366 664 184	<b>723 578 000</b>	702 385 000	<b>(21 193 000)</b>	
Property, plant and equipment	7 475 359 559	(472 368 271)	<b>7 002 991 288</b>	7 018 452 561	<b>15 461 273</b>	
Living resources	-	-	-	948 425	<b>948 425</b>	
Intangible assets	27 283 200	(1 931 430)	<b>25 351 770</b>	40 783 434	<b>15 431 664</b>	
Heritage assets	-	-	-	272 674 007	<b>272 674 007</b>	
Other non current assets	179 008 295	(179 008 295)	-	-	-	
Other financial assets	9 455 112	(9 455 112)	-	2 642 997	<b>2 642 997</b>	
	<b>8 094 540 028</b>	<b>(342 618 970)</b>	<b>7 751 921 058</b>	<b>8 117 586 424</b>	<b>365 665 366</b>	
<b>Total Assets</b>	<b>10 797 116 362</b>	<b>(1 536 753 139)</b>	<b>9 260 363 223</b>	<b>9 203 884 749</b>	<b>(56 478 474)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	83 216 956	1 295 361	<b>84 512 317</b>	114 310 751	<b>29 798 434</b>	
Payables from exchange transactions	304 168 000	674 655 285	<b>978 823 285</b>	892 614 036	<b>(86 209 249)</b>	
VAT payable	-	-	-	144 840 266	<b>144 840 266</b>	
Consumer deposits	113 354 210	(9 640 441)	<b>103 713 769</b>	107 229 302	<b>3 515 533</b>	
Employee benefit obligation	-	-	-	36 198 896	<b>36 198 896</b>	
Unspent conditional grants and receipts	-	-	-	127 958 878	<b>127 958 878</b>	
Provisions	-	127 344 954	<b>127 344 954</b>	72 165 579	<b>(55 179 375)</b>	
	<b>500 739 166</b>	<b>793 655 159</b>	<b>1 294 394 325</b>	<b>1 495 317 708</b>	<b>200 923 383</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	349 414 044	101 812 168	<b>451 226 212</b>	366 291 537	<b>(84 934 675)</b>	
Employee benefit obligation	-	-	-	562 080 514	<b>562 080 514</b>	
Provisions	838 082 450	(106 506 289)	<b>731 576 161</b>	62 662 384	<b>(668 913 777)</b>	
	<b>1 187 496 494</b>	<b>(4 694 121)</b>	<b>1 182 802 373</b>	<b>991 034 435</b>	<b>(191 767 938)</b>	
<b>Total Liabilities</b>	<b>1 688 235 660</b>	<b>788 961 038</b>	<b>2 477 196 698</b>	<b>2 486 352 143</b>	<b>9 155 445</b>	

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>	<b>9 108 880 702</b>	<b>(2 325 714 177)</b>	<b>6 783 166 525</b>	<b>6 717 532 606</b>	<b>(65 633 919)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Revaluation reserve	-	-	-	97 158 944	<b>97 158 944</b>	
Housing development fund	152 914 142	130 870 939	<b>283 785 081</b>	90 761 936	<b>(193 023 145)</b>	
Capital replacement reserve	-	-	-	40 992 378	<b>40 992 378</b>	
Accumulated surplus	<b>8 955 966 560</b>	<b>(2 456 585 116)</b>	<b>6 499 381 444</b>	6 488 619 348	<b>(10 762 096)</b>	
<b>Total Net Assets</b>	<b>9 108 880 702</b>	<b>(2 325 714 177)</b>	<b>6 783 166 525</b>	<b>6 717 532 606</b>	<b>(65 633 919)</b>	

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	3 781 144 705	(89 183 540)	<b>3 691 961 165</b>	3 492 210 404	<b>(199 750 761)</b>	
Government grants	1 077 020 300	19 662 820	<b>1 096 683 120</b>	1 040 688 598	<b>(55 994 522)</b>	
Interest income	146 283 550	45 175 655	<b>191 459 205</b>	20 001 043	<b>(171 458 162)</b>	
	<b>5 004 448 555</b>	<b>(24 345 065)</b>	<b>4 980 103 490</b>	<b>4 552 900 045</b>	<b>(427 203 445)</b>	

##### Payments

Employee costs	(1 186 906)	(138 328)	<b>(1 325 234)</b>	(1 273 646 125)	<b>(1 272 320 891)</b>	
Finance costs	(50 688 170)	15 999	<b>(50 672 171)</b>	(47 404 409)	<b>3 267 762</b>	
Suppliers	(4 107 863 891)	(145 551 654)	<b>(4 253 415 545)</b>	(2 877 174 948)	<b>1 376 240 597</b>	
	<b>(4 159 738 967)</b>	<b>(145 673 983)</b>	<b>(4 305 412 950)</b>	<b>(4 198 225 482)</b>	<b>107 187 468</b>	

<b>Net cash flows from operating activities</b>	<b>844 709 588</b>	<b>(170 019 048)</b>	<b>674 690 540</b>	<b>354 674 563</b>	<b>(320 015 977)</b>	
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(571 382 146)	(24 293 889)	<b>(595 676 035)</b>	(464 510 106)	<b>131 165 929</b>	
Proceeds from sale of property, plant and equipment	-	-	-	3 715 678	<b>3 715 678</b>	
Purchase of other intangible assets	-	-	-	(800 000)	<b>(800 000)</b>	
Net movement in financial assets	-	-	-	2 021 293	<b>2 021 293</b>	
Increase in short term investment	-	-	-	(6 155 452)	<b>(6 155 452)</b>	

<b>Net cash flows from investing activities</b>	<b>(571 382 146)</b>	<b>(24 293 889)</b>	<b>(595 676 035)</b>	<b>(465 728 587)</b>	<b>129 947 448</b>	
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#### Cash flows from financing activities

Repayment of other financial liabilities	(83 374 956)	-	<b>(83 374 956)</b>	(94 966 367)	<b>(11 591 411)</b>	
Consumer deposits	6 903 495	(6 903 495)	-	-	-	

<b>Net cash flows from financing activities</b>	<b>(76 471 461)</b>	<b>(6 903 495)</b>	<b>(83 374 956)</b>	<b>(94 966 367)</b>	<b>(11 591 411)</b>	
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Net increase/(decrease) in cash and cash equivalents	196 855 981	(201 216 432)	<b>(4 360 451)</b>	(206 020 391)	<b>(201 659 940)</b>	
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Cash and cash equivalents at the beginning of the year	465 479 458	-	<b>465 479 458</b>	496 806 653	<b>31 327 195</b>	
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<b>Cash and cash equivalents at the end of the year</b>	<b>662 335 439</b>	<b>(201 216 432)</b>	<b>461 119 007</b>	<b>290 786 262</b>	<b>(170 332 745)</b>	
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# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The reporting Framework is as prescribed by the Accounting Standards Board in Directive 5.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The conceptual framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### **Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors.



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.4 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

#### Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for all assets. These estimates are based on the National Treasury Guideline. This estimate is based on the industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20 - Retirement benefits obligations.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Debt Impairment

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition unless if the effect of discounting is immaterial.

### 1.5 Agricultural assets

The entity recognises agricultural assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Agricultural assets are measured at their fair value less costs to sell.

The fair value of the tree plantations is based on the combined fair value of the land and trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the trees.

A gain or loss arising on initial recognition of agricultural assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of agricultural assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

### 1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services, or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.6 Investment property (continued)

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on property, plant and equipment.

### 1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

### 1.7 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Buildings	Straight line	5-50 years
Roads	Straight line	5-50 years
Plant and machinery	Straight line	5-15 years
Furniture and fixtures	Straight line	7-10 years
Motor vehicles	Straight line	5-10 years
System security	Straight line	5-10 years
Storm water drainage	Straight line	25 - 50 years
Airport Infrastructure	Straight line	20 years
Solid waste infrastructure	Straight line	5-10 years
Water and sanitation	Straight line	10 - 50 years
Major substations:buildings	Straight line	5-50 years
Transformers and related equipment	Straight line	50 years
Mains	Straight line	45 years
Street lighting	Straight line	50 years
Recreational facilities	Straight line	5-50 years
Fresh produce and other markets	Straight line	5-50 years
Fire engines	Straight line	20 years
Landfill site	Straight line	5-50 years
Transport facilities	Straight line	5-50 years
Fencing	Straight line	10 years
Heavy and mobile plant	Straight line	10-15 years
Bins and containers	Straight line	5-10 years
Office equipment	Straight line	5 - 10 years
Emergency equipment	Straight line	5 - 15 years
Electricity	Straight line	5 - 50 years
Security	Straight line	5 - 10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.7 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

### 1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.8 Intangible assets (continued)

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software	Straight line	3-5 years
Servitudes	Straight line	Indefinite

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Intangible assets are derecognised:  
on disposal; or  
when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses except for Artworks and jewellery.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

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### 1.9 Heritage assets (continued)

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

The Municipality measures Artworks and jewellery using revaluation model.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, all classes of heritage assets are carried at its cost less any accumulated impairment losses except for Artworks.

After recognition as an asset, Artworks, whose fair value can be measured reliably, are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If Artworks carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If Artworks carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The municipality assesses at each reporting date whether there is an indication that heritage assets may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

# Msunduzi Local Municipality

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## Accounting Policies

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### 1.10 Living resources

Living resources are assets that undergo biological transformation.

A living resource shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- (b) the cost or fair value of the asset can be measured reliably.

Living resources are initially measured at cost and at fair value if acquired through a non-exchange transaction. Subsequent costs shall only be recognised in the carrying amount if service potential associated with the game animals is expected to flow to the municipality.

Subsequently living resources are measured at cost less impairment.

### 1.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Short term investment	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Housing selling schemes	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

#### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

# Msunduzi Local Municipality

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## Accounting Policies

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### 1.11 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following category:  
Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### 1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.13 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;  
distribution at no charge or for a nominal charge; or  
consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).



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## Accounting Policies

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### 1.14 Impairment of non-cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.14 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the depreciated replacement cost approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.14 Impairment of non-cash-generating assets (continued)

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.15 Employee benefits

Employee benefits are all forms of consideration given by the municipality in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

The municipality's decision to terminate an employee's employment before the normal retirement date; or  
an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from the municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

wages, salaries and social security contributions;  
short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;  
bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and  
non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and  
as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.15 Employee benefits (continued)

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

The municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Natal Joint Provident, Dynamique Ambrella (Pietermaritzburg Provident Fund) and Umgeni Provident Fund are defined contribution plans. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan.

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.15 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, less the fair value of plan assets(if any), of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.15 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Pension obligations

The Municipality's employees contribute to 7 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Fund cater for the majority of the staff.

The following are defined contribution and benefit funds

- \*The Natal Joint Provident Fund,
- \* Dynamique Ambrella (Pietermaritzburg Provident Fund),
- \*Umgeni Water Provident Fund
- \*Government Employees Pension Fund,
- \*Association Institution Pension Fund,
- \*South African Local Authorities Pension Fund and
- \*Councillors Pension Fund
- \*LGM retirement for Municipal Manager

Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the Funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The Municipality has both defined benefit and defined contribution plans.

The liability / asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately against revenue.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.15 Employee benefits (continued)

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Natal Joint Retirement Funds, Government Employee Pension Fund and Associated Institution Pension Fund are defined benefit funds.

The Natal Joint Provident Fund, Pietermaritzburg and South African Local Authority are defined contribution funds.

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:  
the present value of the defined benefit obligation at the reporting date;  
minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land). The municipality uses the prevailing prime rate at year end.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient evidence of occurrence.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.16 Provisions and contingencies (continued)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 62.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

A contingent liability is:

(a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

### 1.17 Commitments

A commitment is a binding agreement to undertake operating and capital expenditure at some set time in the future which has not yet become an actual liability.

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

### 1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.18 Revenue from exchange transactions (continued)

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Interest, royalties and dividends

Revenue arising from the use by others of municipality assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non- exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.19 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Taxes are economic benefits or service potential compulsorily paid or payable to municipalities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and other funding are recognised as revenue to the extent that the municipality has complied with the criteria, conditions or obligations embodied in the grant agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.19 Revenue from non-exchange transactions (continued)

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Debt forgiveness and assumption of liabilities

The municipality recognises revenues in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the municipality.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### Services in-kind

Except for financial guarantee contracts, the municipality recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

# Msunduzi Local Municipality

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## Accounting Policies

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### 1.20 Bad debts written off

Before any debt is written off it is proved that the debt has become irrecoverable.

Irrecoverable debt is debt which can not be traced successfully; and after all reasonable steps were taken to recover the debt.

Bad debt write offs are considered in terms of cost benefit; when it becomes too costly to recover and the chances of collecting the debt are remote, a write off is considered.

### 1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is disclosed in a note to the financial statements as an expense in the period that the expenditure is incurred. .

### 1.25 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is disclosed in the notes to the financial statement in the period that the expenditure is incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the municipal council may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.27 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### 1.28 Internal reserves

#### Capital replacement reserve (CRR)

The CRR is an asset financing source that represents an alternative to the other funding sources available to the Municipality namely external loans (interest bearing borrowings) and government grants & subsidies.

Subsequent to the implementation of GRAP in 2008, Reserves and Funds had to be discontinued as they are not permissible in terms of GRAP. However, the National Treasury determined that the CRR is one of the few funds and reserves that are allowed.

As a matter of principle, the focus is the manner in which these reserves are created and accounted for, which in this instance the capital replacement of major components of Infrastructure Assets in the event of technical failure. For accounting purposes, the CRR will be created by transferring amounts out of Accumulated surpluses/deficits to the respective reserve account, or vice versa, in the Statement of Changes in Net Assets. The net effect of these transfers will be nil in the Statement of Changes in Net Assets, and will not affect the value of reserves in totality. It is the requirement of GRAP that no transactions should be accounted for, directly to the Statement of Changes in Net Assets other than those specifically allowed in terms of GRAP, i.e. Revaluation Surplus Reserve. Therefore, situations should be avoided where reserves are created and accounted for, by taking amounts directly to the Statement of Changes in Net Assets thereby circumventing the Statement of Financial Performance.

The CRR will only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and will not be used for the maintenance of such items.

#### Self - Insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances).

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the insurance industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.28 Internal reserves (continued)

#### Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality is mandated to establish its own fund and administers this fund in terms of the COID Act.

### 1.29 Revaluation reserve

The surplus arising from the revaluation of Heritage assets is credited to a revaluation reserve. The revaluation surplus is realised upon disposal of artworks and jewellery. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

### 1.30 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by a municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Deviations between budget and actual amounts exceeding 10 percent are obtained monthly for the preparation of the Section 71 reporting and used during the audit process.

### 1.31 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

### 1.32 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.32 Events after reporting date (continued)

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and  
those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.33 Value Added Tax (VAT) policy

VAT is payable on the receipt and payment basis.

The transaction date is referred to as the “time of supply”. Time of supply applies to certain supplies as the prevailing rate of VAT on that date will apply to the transaction concerned.

- before 1 April 2018 – a VAT rate of 14% will apply;
- on or after 1 April 2018 – a VAT rate of 15% will apply.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 16 (as amended 2016): Investment Property	01 April 2018	The adoption of this has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements.
GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	The adoption of this has not had a material impact on the results of municipality, but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	The impact of the standard is not material.
GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	The impact of the is not material.

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 34: Separate Financial Statements	01 April 2020	The municipality has a municipal entity and required to prepare separate financial statements. Impact not yet known. It is unlikely to result in a material impact.
Directive 7 (revised): The Application of Deemed Cost	01 April 2019	The directive affects future transfer of assets, mergers and assets acquired prior to measurement whose historic cost information is not available. Impact is not yet known.



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

Guideline: Guideline on Accounting for Landfill Sites

Effective date not determined

The municipality operates a landfill site, after the end of life of the landfill site, closure and rehabilitation is required in terms of legislation. Therefore, accounting for land, provision, expenses, discount rate has to be done in line of the guidance. Full impact of the guideline is not yet known.

Guideline: Guideline on the Application of Materiality to Financial Statements

Effective date not determined

Materiality decisions on developing policies, disclosure and assessment of misstatements is provided by this guideline. Full impact of the application of the guideline is not yet known.

GRAP 104 (revised): Financial Instruments

Effective date not determined

Full impact of the standard is not yet known. However, additional disclosure is expected and unlikely to result in a material impact. Unlikely there will be a material impact.

GRAP 35: Consolidated Financial Statements

01 April 2020

GRAP 36: Investments in Associates and Joint Ventures

01 April 2020

Impact is currently not known. It is unlikely to result in a material impact on the financial statements.

GRAP 37: Joint Arrangements

01 April 2020

Impact is currently not known. It is unlikely to result in a material impact on the financial statements.

GRAP 38: Disclosure of Interests in Other Entities

01 April 2020

Impact is currently not known. It is unlikely to result in a material impact on the financial statements.

Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme

01 April 2019

The municipality is an implement agent in terms of the guideline. Not expected to impact results but may result in additional disclosure.

GRAP 110 (as amended 2016): Living and Non-living Resources

01 April 2020

The municipality has a game reserve, accounting for the fauna and flora, will be provided by this standard. Impact is currently being assessed and is not expected to be material.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Impact is currently not known. It is unlikely to result in a material impact on the financial statements.
GRAP 20: Related parties	01 April 2019	Impact known. Not expected to impact results significantly, additional disclosure is anticipated.
GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Impact is currently not known. It is unlikely to result in a material impact on the financial statements.
GRAP 108: Statutory Receivables	01 April 2019	Not expected to impact results but may result in additional disclosure.
GRAP 109: Accounting by Principals and Agents	01 April 2019	Impact is currently not known. It is unlikely to result in a material impact on the financial statements.
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact.
IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Impact is currently being assessed.

The municipality formulated its own accounting policy in 2017/18 regarding the treatment of Living resources. The living resources accounting policy is based on the principles of GRAP 110 (Living and non living and resources).

### 3. Inventories

Consumable stores	26 186 618	31 975 714
Land inventory	274 827 186	272 748 814
Materials and supplies	25 679 243	43 393 519
Water	1 764 634	1 423 819
	<b>328 457 681</b>	<b>349 541 866</b>

Inventories are recorded using the weighted average cost method.

Inventories expensed during the year 2019: R58 538 021 (2018 : R69 287 186)

Inventories are carried at lower of cost or net realisable value.

Inventories losses - consumables for the year ((R5 221 045) (2018 : (R4 743 013))).

The land inventory includes land that is earmarked for housing projects as per the municipality's Housing Development Plans and Housing Sector Plans by Human Settlements.

The land will be transferred to beneficiaries once the legal title is transferred to the beneficiaries.

#### Inventories pledged as security

No inventory was pledged as security for either overdraft facilities or any financial liabilities of the municipality.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>4. Short term investment</b>		
Compensation for occupational injuries and diseases investment (COID)	15 674 518	8 869 457
<b>Reconciliation of short term investment</b>		
Opening balance	8 869 457	8 318 183
Interest received	649 609	857 510
Redemption	(9 519 066)	(9 175 693)
Re-investment	15 674 518	8 869 457
<b>Closing balance</b>	<b>15 674 518</b>	<b>8 869 457</b>

COID short term investment invested at 8.69 % (2018: 8.66%)

The current fixed deposit is invested with Standard Bank and matures on the 24th of April 2020.

The 12 month fixed deposit is re-invested annually.

### 5. Receivables from exchange transactions

Accrued revenue	54 947	698 934
Advance payments	4 110 803	11 442 701
Cashier's shortages	44 442	22 268
Cash receipts due from third parties	14 270 286	21 494 810
Independent Development Trust	-	-
Insurance claims	-	3 020 221
Interest accrual on bank and call accounts	126 100	-
Interest accrual on investment	251 612	112 470
Land sale debtors	-	66 386
Market	-	1 969 025
Payroll related	-	12 386
Uncleared staff deductions	-	7 916 085
Water meter refunds	-	18 493
Staff recoveries	412 057	-
	<b>19 270 247</b>	<b>46 773 779</b>

### Reconciliation of provision for impairment of receivables from exchange transactions

#### 2019

Gross balance	66 386	3 020 221	108 836 507
Impairment	(66 386)	(3 020 221)	(108 836 507)
<b>Net balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 2018

Gross balance			108 836 507
Impairment			(108 836 507)
			<b>-</b>

### Receivables from exchange pledged as security

There are no receivables from exchange transactions pledged as security for any financial liabilities of the municipality.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 5. Receivables from exchange transactions (continued)

#### Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions are neither past due nor impaired except for land sale debtors, insurance claims and IDT.

There is an ongoing dispute between IDT and Msunduzi Municipality on an amount that was paid by Msunduzi Municipality to IDT for the implementation of infrastructure projects. IDT was appointed as an implementing agent and advance payments were made to IDT during 2011/12 and 2012/13 financial years. The projects were implemented; however, IDT was unable to account for work amounting to R108 836 507. The municipality referred the matter to the legal team for a civil litigation and has not been finalised as yet. The receivable has been fully impaired since IDT is disputing the receivable and the matter is still under litigation.

### 6. Receivables from non-exchange transactions

Fines	2 568 619	2 600 669
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There are no receivables from non exchange transactions pledged as security for any of the Municipality's obligations.

#### Receivables from non-exchange transactions impaired

The amount of the provision was R 64 622 491 (2018: R 54 201 559).

Fines impairment are based on past trends of non payment by offenders and amounts outstanding for over 365 days.

#### Reconciliation of fines receivable

Gross debtors	67 191 110	56 802 228
Allowance for impairment	(64 622 491)	(54 201 559)
<b>Net balance</b>	<b>2 568 619</b>	<b>2 600 669</b>
<b>Gross balances</b>		
Current (0-30 days)	105 100	1 286 150
31 - 60 days	2 078 550	1 210 219
61 - 90 days	3 389 450	2 141 350
91 - 120 days	4 221 960	4 026 600
121 - 365 days	972 737	1 510 800
> 365 days	56 423 313	46 627 109
	<b>67 191 110</b>	<b>56 802 228</b>

### 7. Consumer debtors

#### Gross balances

Electricity	402 179 954	469 086 650
Other service charges	419 578 968	220 268 883
Property rental	45 349 395	47 186 047
Rates	803 741 830	640 288 856
Refuse	164 331 193	126 141 264
Sanitation	294 331 667	234 904 063
Water	1 512 281 581	1 203 379 644
	<b>3 641 794 588</b>	<b>2 941 255 407</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>7. Consumer debtors (continued)</b>		
<b>Less: Allowance for impairment</b>		
Electricity	(320 651 422)	(361 825 689)
Other service charges	(371 729 853)	(200 444 684)
Property rental	(44 303 593)	(38 252 819)
Rates	(610 019 520)	(454 810 084)
Refuse	(146 045 214)	(106 282 545)
Sanitation	(267 859 486)	(191 291 413)
Water	(1 451 644 502)	(1 006 392 512)
	<b>(3 212 253 590)</b>	<b>(2 359 299 746)</b>
<b>Net balance</b>		
Electricity	81 528 532	107 260 961
Other service charges	47 849 115	19 824 199
Property rental	1 045 802	8 933 228
Rates	193 722 310	185 478 772
Refuse	18 285 979	19 858 719
Sanitation	26 472 181	43 612 650
Water	60 637 079	196 987 132
	<b>429 540 998</b>	<b>581 955 661</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	81 528 531	264 470 050
Other service charges	38 259 678	30 605 108
Property rental	1 045 802	7 111 166
Refuse	18 285 979	13 947 675
Sanitation	26 472 180	23 655 635
Water	70 226 516	97 173 298
	<b>235 818 686</b>	<b>436 962 932</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	193 722 310	180 930 672
	<b>429 540 996</b>	<b>617 893 604</b>
<b>Electricity</b>		
Current (0 -30 days)	265 570 532	258 137 449
31 - 60 days	(8 568 541)	13 452 243
61 - 90 days	8 350 546	10 154 478
91 - 120 days	3 999 316	14 550 834
121 - 365 days	31 929 176	32 282 779
> 365 days	100 898 925	140 508 868
	<b>402 179 954</b>	<b>469 086 651</b>
<b>Other service charges</b>		
Current (0 -30 days)	2 312 170	10 400 368
31 - 60 days	2 654 783	(1 199 618)
61 - 90 days	2 587 380	(2 290 411)
91 - 120 days	2 846 465	(1 043 932)
121 - 365 days	20 162 118	(858 940)
> 365 days	389 016 053	215 261 416
	<b>419 578 969</b>	<b>220 268 883</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>7. Consumer debtors (continued)</b>		
<b>Property rental</b>		
Current (0 -30 days)	539 219	3 586 278
31 - 60 days	1 296 994	1 428 981
61 - 90 days	1 165 917	1 034 640
91 - 120 days	160 820	1 942 852
121 - 365 days	7 729 975	7 164 534
> 365 days	34 456 470	32 028 762
	<b>45 349 395</b>	<b>47 186 047</b>
<b>Rates</b>		
Current (0 -30 days)	134 087 367	123 565 245
31 - 60 days	5 220 534	(861 299)
61 - 90 days	21 423 618	18 442 672
91 - 120 days	19 238 633	30 825 332
121 - 365 days	147 705 852	108 019 413
> 365 days	476 065 826	360 297 493
	<b>803 741 830</b>	<b>640 288 856</b>
<b>Refuse</b>		
Current (0 -30 days)	18 470 726	19 018 873
31 - 60 days	1 470 419	62 637
61 - 90 days	3 954 262	3 106 417
91 - 120 days	3 906 384	5 035 865
121 - 365 days	31 379 344	18 079 938
> 365 days	105 150 058	80 837 534
	<b>164 331 193</b>	<b>126 141 264</b>
<b>Sanitation</b>		
Current (0 -30 days)	32 254 944	28 197 880
31 - 60 days	1 576 074	222 172
61 - 90 days	6 861 797	5 837 341
91 - 120 days	6 468 250	9 601 603
121 - 365 days	49 444 398	40 641 115
> 365 days	197 725 919	150 403 952
	<b>294 331 382</b>	<b>234 904 063</b>
<b>Water</b>		
Current (0 -30 days)	165 924 746	128 969 553
31 - 60 days	8 467 367	707 675
61 - 90 days	40 746 149	30 306 821
91 - 120 days	34 183 303	53 315 928
121 - 365 days	275 807 702	210 110 335
> 365 days	987 152 314	779 969 333
	<b>1 512 281 581</b>	<b>1 203 379 645</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>7. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	304 093 748	261 077 449
31 - 60 days	12 835 843	328 047
61 - 90 days	63 219 212	48 522 194
91 - 120 days	54 707 737	82 905 776
121 - 365 days	454 800 604	50 708 527
> 365 days	1 972 211 548	1 849 436 823
	<b>2 861 868 692</b>	<b>2 292 978 816</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	262 175 210	255 024 333
31 - 60 days	(1 327 833)	18 578 940
61 - 90 days	14 359 574	11 391 229
91 - 120 days	9 535 466	15 055 599
121 - 365 days	72 744 880	8 993 829
> 365 days	216 804 527	153 189 249
	<b>574 291 824</b>	<b>462 233 179</b>
<b>National and provincial government</b>		
Current (0 -30 days)	52 888 534	54 634 138
31 - 60 days	604 366	105 862
61 - 90 days	7 509 321	7 603 349
91 - 120 days	6 559 656	11 910 616
121 - 365 days	36 626 319	6 355 633
> 365 days	101 445 877	105 433 943
	<b>205 634 073</b>	<b>186 043 541</b>
<b>Total</b>		
Current (0 -30 days)	619 157 492	570 735 921
31 - 60 days	12 112 376	19 012 849
61 - 90 days	85 088 107	67 516 772
91 - 120 days	70 802 859	109 871 991
121 - 365 days	564 171 803	66 057 989
> 365 days	2 290 461 952	2 108 060 015
	<b>3 641 794 589</b>	<b>2 941 255 537</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(2 323 381 048)	(1 673 021 042)
Contributions to allowance	(899 218 254)	(651 179 194)
Debt impairment written off against allowance	10 345 710	819 188
<b>Balance at end of year</b>	<b>(3 212 253 591)</b>	<b>(2 323 381 045)</b>

### Consumer debtors pledged as security

There are no consumer debtors pledged as security for overdraft facilities of the municipality.

### Consumer debtors impaired

Consumer debtors were impaired R2 620 237 311 (2018: R 2 313 124 134).

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	40 507	62 395
Bank balances	16 096 631	75 396 017
Short-term deposits	274 649 124	421 348 241
	<b>290 786 262</b>	<b>496 806 653</b>

Average rate of return is based on average interest rate on all bank and investment accounts 6.79 % (2018: 6.15%)

Due to the short term nature of these investments, no amortisation was performed.

No cash and cash equivalents were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
FNB - Primary - 5094187782	11 687 594	63 685 283	11 687 594	63 685 283
FNB - Electronic transfers - 50940058750	-	-	-	-
FNB - Market - 50941840627	3 276 208	5 873 398	3 276 208	5 873 398
FNB - Airport - 620693378539	1 063 538	5 525 356	1 063 538	5 525 356
Post Office - Account - 62006041157	-	-	-	-
FNB - Salaries - 6200343284	69 291	311 980	69 291	311 980
FNB- Traffic fines - 62045272143	-	-	-	-
FNB - Call (Airport Development Fund) - 62548639725	2 981 779	2 794 599	2 981 779	2 794 599
FNB - Call (MIG Grant) - 62548629403	17 299 699	40 988 477	17 299 699	40 988 477
FNB - Call (Unspent Conditional Grant) - 62548623231	103 110 455	138 451 872	103 110 455	138 451 872
FNB - Call (Insurance Fund) - 62548634460	17 246 717	59 021 154	17 246 717	59 021 154
FNB - Call (MHOA) - 62548632901	47 166 754	44 195 553	47 166 754	44 195 553
FNB - Call (Housing Accreditation) - 62548630822	44 420 702	40 471 354	44 420 702	40 471 354
FNB - Call (Vat Recovery on Grants) - 62551687563	343 132	918 540	343 132	918 540
FNB - Call (Vat Refunds - CRR) - 62600253984	40 992 378	92 323 393	40 992 378	92 323 393
FNB - Call (General Reserves) - 62531891879	-	1 162 574	-	1 162 574
ABSA - 7 day notice - 9309193266	1 087 509	1 020 725	1 087 509	1 020 725
<b>Total</b>	<b>290 745 756</b>	<b>496 744 258</b>	<b>290 745 756</b>	<b>496 744 258</b>



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 9. Agricultural assets

	2019			2018		
	Valuation at the beginning of the year	Net movement for the year	Valuation at year end	Valuation	Net movement for the year	Valuation at year end
Biological assets - Consumable	63 863 790	15 836 210	79 700 000	54 067 677	9 796 113	63 863 790

#### Reconciliation of agricultural assets - 2019

	Valuation at beginning of the year	Fair value adjustments	Valuation at year end
Biological assets - Consumable	63 863 790	15 836 210	79 700 000

#### Reconciliation of agricultural assets - 2018

	Valuation at the beginning of the year	Fair value adjustments	Valuation at year end
Biological assets - Consumable	54 067 677	9 796 113	63 863 790

#### Non-financial information

The municipality owns a plantation forest that produces felled trees for timber production, separately disclosed as consumable biological assets.

There were no harvests or sales made during the year.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Agricultural assets have been measured at fair value less costs to sell in accordance with GRAP 27.

Refer to note 72 for risk management strategies on agricultural assets.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 9. Agricultural assets (continued)

#### Pledged as security

No agricultural assets have been pledged as security.

#### Restrictions imposed by regulations

There are no agricultural assets whose use or capacity to sell is subject to restrictions imposed by regulation.

#### Methods and assumptions used in determining fair value

Agricultural assets has been accounted for in terms of GRAP 27 and comprises of plantation owned by the municipality. Agricultural assets are not depreciated annually but valued at year end in order to determine their fair value as prescribed in GRAP 27.

The valuation at 30 June 2019 was performed by Malcolm Gardiner.

Malcolm Gardiner is a member of the South African Council for Property Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of agricultural assets.

The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Artworks	238 589 522	(6 809 930)	231 779 592	193 247 122	(6 809 930)	186 437 192
Crematoriums	8 181 348	-	8 181 348	8 181 348	-	8 181 348
Jewellery	1 185 000	-	1 185 000	763 000	-	763 000
Museums and art gallery	23 315 796	(22 973)	23 292 823	23 315 796	(22 973)	23 292 823
Other	1 785 373	-	1 785 373	1 785 373	-	1 785 373
Parks	2 487 908	-	2 487 908	2 487 908	-	2 487 908
Stadiums	3 961 963	-	3 961 963	3 961 963	-	3 961 963
<b>Total</b>	<b>279 506 910</b>	<b>(6 832 903)</b>	<b>272 674 007</b>	<b>233 742 510</b>	<b>(6 832 903)</b>	<b>226 909 607</b>

### Reconciliation of heritage assets 2019

	Opening balance	Additions	Revaluation increase/(decrease)	Total
Artworks	186 437 192	262 900	45 079 500	231 779 592
Crematoriums	8 181 348	-	-	8 181 348
Jewellery	763 000	-	422 000	1 185 000
Museums and art gallery	23 292 823	-	-	23 292 823
Other	1 785 373	-	-	1 785 373
Parks	2 487 908	-	-	2 487 908
Stadiums	3 961 963	-	-	3 961 963
	<b>226 909 607</b>	<b>262 900</b>	<b>45 501 500</b>	<b>272 674 007</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 10. Heritage assets (continued)

#### Reconciliation of heritage assets 2018

	Opening balance	Prior period error	Revaluation	Impairment losses	Total
Artworks	186 369 431	73 961	-	(6 200)	186 437 192
Crematoriums	8 181 348	-	-	-	8 181 348
Jewellery	133 500	-	629 500	-	763 000
Museums and art gallery	23 292 823	-	-	-	23 292 823
Other	1 785 373	-	-	-	1 785 373
Parks	2 487 908	-	-	-	2 487 908
Stadiums	3 961 963	-	-	-	3 961 963
	<b>226 212 346</b>	<b>73 961</b>	<b>629 500</b>	<b>(6 200)</b>	<b>226 909 607</b>

#### Restrictions on heritage assets

There are no ownership and disposal restrictions on heritage assets.

There are no contractual commitments for the acquisitions, maintenance and restoration of heritage assets.

#### Pledged as security

No heritage assets have been pledged as security for any financial liabilities.

The municipality has elected to use the cost model when accounting for heritage assets, except for artworks and jewellery.

Artworks and jewellery whose fair value can be measured reliably are carried at the revalued amount, being their fair value at the date of valuation less any subsequent impairment losses.

Artworks has been valued on 30 June 2019 for the 2018/19 financial year.

According to the municipality's accounting policy, artworks are revalued every 4 years.

Artworks were last valued in the 2014/15 financial year.

Jewellery was last valued in the 2018/19 financial year.

According to the municipality's accounting policy, jewellery are revalued every year.

#### List of heritage assets where the values cannot be determined

##### Legal Deposit collection at the Bessie Head Library

In 1916, the Natal Society Library (now the Msunduzi Municipal Library – Bessie Head Library) was identified as one of five libraries in South Africa accorded Legal Deposit status. This privilege helped make it into one of South Africa's major research and information libraries. Legal Deposit libraries play a unique and very important role as custodians, in perpetuity, of this country's cultural wealth and information. They also have to make this information available, as widely as possible, to the citizens of South Africa. The Legal Deposit Collection has become an important asset. Since 1916, the Msunduzi Municipal Library has amassed a huge collection of South African books, pamphlets, periodicals, maps and newspapers which it has to preserve for future generations. Due to the nature of the class of heritage assets, the Department of Arts and Culture has confirmed that there is no monetary value as there is no active market.

The valuation of artworks was performed by Harriet Marry Gilfillan who is an independent professional Appraiser and has experience in the valuation of artworks and jewellery.

The valuations were arrived at by reference to market analysis, market records and trends relating to each artist and type of artwork was researched in order to arrive at a fair value

#### Expenditure incurred to repair and maintain heritage assets

#### Expenditure incurred to repair and maintain heritage assets included the in the Statement of Financial Performance

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>10. Heritage assets (continued)</b>		
Contracted services	-	110 644

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 11. Intangible assets

	2019		2018		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Restated cost	Restated accumulated amortisation and accumulated impairment
Computer software	93 425 610	(53 446 022)	39 979 588	92 625 610	(41 574 548)
Servitudes	803 846	-	803 846	803 846	-
<b>Total</b>	<b>94 229 456</b>	<b>(53 446 022)</b>	<b>40 783 434</b>	<b>93 429 456</b>	<b>(41 574 548)</b>

#### Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	51 051 062	800 000	(11 871 474)	39 979 588
Servitudes	803 846	-	-	803 846
	<b>51 854 908</b>	<b>800 000</b>	<b>(11 871 474)</b>	<b>40 783 434</b>

#### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Prior year adjustments	Amortisation	Total
Computer software	49 799 110	8 968 381	10 102 454	(17 818 883)	51 051 062
Servitudes	803 846	-	-	-	803 846
	<b>50 602 956</b>	<b>8 968 381</b>	<b>10 102 454</b>	<b>(17 818 883)</b>	<b>51 854 908</b>

#### Pledged as security

No intangible assets have been pledged as security for any financial liabilities.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 11. Intangible assets (continued)

#### Restricted title

There are no intangible assets whose title is restricted.

#### Details of valuation

The municipality elected to use the cost model when accounting for intangible assets. After initial recognition, an intangible asset shall be carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets were assessed for impairment using the depreciated replacement cost method.

Servitudes have an infinite useful life as they are rights held by the Municipality to property.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 12. Investment property

	2019			2018		
	Cost / Valuation	Fair value adjustments	Fair value	Cost / Valuation	Fair value adjustments	Fair value
Investment property	741 015 000	(38 630 000)	702 385 000	683 824 692	57 190 308	741 015 000

### Reconciliation of investment property - 2019

	Valuation at the beginning of the year	Fair value adjustments	Total
Investment property	741 015 000	(38 630 000)	702 385 000

### Reconciliation of investment property - 2018

	Valuation previously reported	Restatement	Restated fair value adjustments	Total
Investment property	708 752 912	(24 928 220)	57 190 308	741 015 000

### Pledged as security

No investment property has been pledged as security for any financial liabilities.

### Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### Details of valuation

The effective date of the latest revaluations was 30 June 2019. Revaluations were performed by an independent valuer, Martin Ficht who is not connected to the municipality and has recent experience in location and category of the investment property being valued.



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 12. Investment property (continued)

The valuation was based on open market value for existing use.

Adjustments to the valuation is attributable to change in market value of investment property.

These assumptions are based on current market conditions.

Martin Fitchet is a member of the South African Council for Property Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of investment properties. The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices for similar properties.

Investment property has been accounted for in terms of GRAP 16 and comprises both land and buildings owned by the municipality.

### Amounts recognised in surplus or deficit

Rental revenue from investment property	1 111 112	1 691 065
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There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal of investment property.

The municipality has adopted the fair value model in accounting for investment properties.

The municipality does not hold any operating property interest.

There were no repairs, maintenance and direct operating expenses related to investment property.

Tenants are responsible for repairs and maintenance.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Included in Investment is vacant land which has been invaded/illegally occupied. The land has a carrying value R 25 330 000.

The illegally occupied land is not considered impaired by management as the service potential is not considered affected as this land is addressed by the Rapid urbanisation management within the parameters of the approved land use scheme.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 13. Living resources

	2019			2018		
	Valuation	Net movement	Carrying value	Valuation	Net movement	Carrying value
Game animals	928 494	19 931	948 425	769 726	158 768	928 494

#### Reconciliation of living resources - 2019

	Opening balance	Additions	Fair value adjustments	Disposal	Total
Game animals	928 494	207 375	(170 644)	(16 800)	948 425

#### Reconciliation of living resources - 2018

	Opening balance	Additions	Fair value adjustments	Total
Game animals	769 726	66 006	92 762	928 494

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

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Figures in Rand

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### 13. Living resources (continued)

#### **Pledged as security**

No living resources have been pledged as security for any financial liabilities.

#### **General Information**

The Msunduzi Municipality Bisley Nature Reserve's main purpose is the conservation of a representative system of biodiversity encompassing fauna, flora and unique scenery within the nature reserve. The municipality does not manage the reserve for reproduction of biodiversity.

The municipality is involved in biological transformation of fauna and flora primarily as a service to the community for the main purpose of recreation rather than for sale.

#### **Other information**

The living animals assets have been measured at fair value.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### **Details of valuation**

The valuation as at 30 June 2019 was performed internally, using values provided by Ezemvelo KZN Wildlife as a guide.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 14. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	1 510 833 745	(291 846 048)	1 218 987 697	1 509 062 237	(269 454 656)	1 239 607 581
Infrastructure	7 793 662 753	(2 911 235 684)	4 882 427 069	7 415 153 770	(2 592 415 770)	4 822 738 000
Community assets	784 173 008	(335 768 467)	448 404 541	756 150 153	(310 279 136)	445 871 017
Other assets	1 061 240 942	(592 607 688)	468 633 254	1 040 327 057	(566 980 846)	473 346 211
<b>Total</b>	<b>11 149 910 448</b>	<b>(4 131 457 887)</b>	<b>7 018 452 561</b>	<b>10 720 693 217</b>	<b>(3 739 130 408)</b>	<b>6 981 562 809</b>

### Reconciliation of property, plant and equipment - 2019

	Carrying value opening balance	Additions	Disposals	Capital under construction	Transfers	Depreciation	Impairment loss	Total
Land and buildings	1 239 607 581	579 541	-	1 866 159	(670 880)	(22 394 704)	-	1 218 987 697
Infrastructure	4 822 738 000	172 580 098	-	218 564 286	2 430 469	(330 765 108)	(3 120 676)	4 882 427 069
Community assets	445 871 017	7 882 627	-	21 445 806	(1 253 571)	(25 539 987)	(1 351)	448 404 541
Other assets	473 346 211	26 718 744	(379 171)	36 556 373	(897 469)	(64 113 706)	(2 597 726)	468 633 254
	<b>6 981 562 809</b>	<b>207 761 010</b>	<b>(379 171)</b>	<b>278 432 624</b>	<b>(391 451)</b>	<b>(442 813 505)</b>	<b>(5 719 753)</b>	<b>7 018 452 561</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 14. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2018

	Carrying value opening balance	Additions	Disposals	Capital under construction	Transfers	Derecognitions	Depreciation	Impairment loss	Prior year adjustment	Total
Land and buildings	1 487 387 470	297 085	-	6 406 986	(931 700)	(404 462)	(22 282 005)	-	(230 865 793)	1 239 607 581
Infrastructure	4 684 707 739	41 249 517	-	414 620 362	15 166 244	-	(329 154 782)	(3 603 496)	(247 584)	4 822 738 000
Community	436 917 022	5 704 319	-	34 297 216	-	-	(31 086 937)	-	39 397	445 871 017
Other assets	453 134 101	76 718 359	(2 790 236)	20 759 701	(14 234 544)	-	(65 085 626)	(119 061)	4 963 517	473 346 211
	<b>7 062 146 332</b>	<b>123 969 280</b>	<b>(2 790 236)</b>	<b>476 084 265</b>	<b>-</b>	<b>(404 462)</b>	<b>(447 609 350)</b>	<b>(3 722 557)</b>	<b>(226 110 463)</b>	<b>6 981 562 809</b>

#### Pledged as security

No property, plant and equipment has been pledged as security for any financial liabilities.

#### Other information

Refer to Appendix A for detailed property, plant and equipment schedule.

The Msunduzi Municipality has elected the Cost Model when accounting for property, plant and equipment, and property, plant and equipment is depreciated using the straight line method.

During the year the municipality undertook a conditional assessment of fixed assets, which culminated in the additional decreases/increases in remaining useful lives of assets.

The municipality applies the depreciated replacement cost method to calculate impairment.

Property plant and equipment were assessed for impairment.

Property plant and equipment were impaired by R3 722 558,10 as result of conditional assessment.

Included in Investment is vacant land which has been invaded/illegally occupied. The land has a carrying value R52 437 457,17.

The illegally occupied land is not considered impaired by management as the service potential is not considered affected as this land is addressed by the Rapid urbanisation management within the parameters of the approved land use scheme.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 14. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2019

	Included within Buildings	Included within Infrastructure	Included within Community assets	Included with other PPE	Total
Opening balance	20 012 055	1 099 646 394	63 924 797	46 907 055	1 230 490 301
Additions	1 866 159	218 564 286	21 445 806	36 556 373	278 432 624
Transferred to completed assets	(806 434)	(251 891 623)	(13 694 118)	(14 353 919)	(280 746 094)
	<b>21 071 780</b>	<b>1 066 319 057</b>	<b>71 676 485</b>	<b>69 109 509</b>	<b>1 228 176 831</b>

#### Reconciliation of Work-in-Progress 2018

	Included within Buildings	Included within Infrastructure	Included within Community assets	Included within other PPE	Total
Opening balance	13 605 069	729 519 615	130 581 080	42 209 228	915 914 992
Additions/capital expenditure	6 406 986	414 620 362	34 297 216	20 759 702	476 084 266
Transferred to completed assets	-	(44 493 583)	(100 953 499)	(16 061 875)	(161 508 957)
	<b>20 012 055</b>	<b>1 099 646 394</b>	<b>63 924 797</b>	<b>46 907 055</b>	<b>1 230 490 301</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Computer services	18 022	6 871
Contracted services	104 941 470	127 431 123
Internal charges- labour	27 885 696	16 533 625
Inventory consumed	10 336 673	21 052 272
Operating leases	3 590 436	36 678
Preservation and restoration	-	199 658
Uniform and protective clothing	-	5 212
	<b>146 772 297</b>	<b>165 265 439</b>

#### Property, plant and equipment taking longer to complete than expected

IRPTN Project	255 852 938	288 856 482
---------------	-------------	-------------

Multi year project delays due to reallocation of affected houses, watermain, community strike action, objections, land acquisition, relocation of existing services, delays in procurement of local sub-contractors, court interdicts.

#### Projects halted

Hollingwood cemetery project	4 874 038	4 874 038
------------------------------	-----------	-----------

There was no impairment identified in relation to assets under construction as at 30 June 2019 (Nil 30 June 2018).

The Hollingwood cemetery project was halted due to the boycott of the project by the community.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>15. Other financial assets</b>		
<b>At amortised cost</b>		
Housing selling scheme loans	14 680 909	13 539 580
	14 680 909	13 539 580
Impairments	(12 037 912)	(8 875 290)
	<b>2 642 997</b>	<b>4 664 290</b>
<b>Non-current assets</b>		
At amortised cost	2 642 997	4 664 290
<b>Other financial assets reconciliation</b>		
Opening balance	13 539 580	11 936 735
Interest and fees raised	1 327 583	1 954 605
Repayments	(186 254)	(351 760)
<b>Closing balance</b>	<b>14 680 909</b>	<b>13 539 580</b>
Housing selling schemes loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State directives and guidelines and are re-payable over 30 years.		
<b>16. Consumer deposits</b>		
Building plans and wayleaves	483	483
Electricity	82 002 737	80 368 125
Market buyer's card	1 892 143	5 873 398
Poster applications	180 785	180 785
Refuse	7 100	2 200
Rental properties	2 135 598	1 962 036
Valuation appeal	8 907	8 907
Sewer	3 500	1 500
Water	20 998 049	20 411 899
	<b>107 229 302</b>	<b>108 809 333</b>
.		
<b>17. Other financial liabilities</b>		
<b>At amortised cost</b>		
DBSA loan	480 602 288	565 114 602
DBSA - funding required for capital expenditure. Loans bear interest rates between 6.75% and 16.50% (2018: 6.75% and 16.50%). Loans are repayable over a period between 10 to 20 years, repayments are made quarterly and bi-annually.		
During the reporting period the municipality did not default on any of the interest or capital repayments of the external loans.		
<b>Non-current liabilities</b>		
At amortised cost	366 291 537	451 226 205

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>17. Other financial liabilities (continued)</b>		
<b>Current liabilities</b>		
At amortised cost	114 310 751	113 888 397
<b>Reconciliation of other financial liabilities</b>		
Opening balance	565 114 605	615 106 857
Interest capitalised	10 454 050	11 689 714
Capital repayments	(94 966 367)	(61 681 969)
<b>Closing balance</b>	<b>480 602 288</b>	<b>565 114 602</b>
<b>18. Payables from exchange transactions</b>		
Trade payables	78 629 864	111 165 962
Accrued leave pay	90 759 372	90 230 250
Retention liability	30 137 573	19 759 518
Payables and accruals	315 281 298	269 188 484
Credit balances in debtors	80 521 363	91 912 250
Accrued Interest	5 057 976	6 479 268
Advance payments	3 616 545	3 548 319
Auditor General	178 230	113 265
Water bulk purchases	77 149 902	64 622 581
Electricity bulk purchases	209 470 837	206 120 912
Unallocated deposits	1 811 076	13 023 758
Payroll related	-	852
	<b>892 614 036</b>	<b>876 165 419</b>



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 19. Provisions

#### Reconciliation of provisions - 2019

	Opening Balance	Additions	Change in discount factor	Total
Litigation	65 345 762	73 269	-	65 419 031
Landfill rehabilitation	64 670 705	2 390 680	2 347 547	69 408 932
	<b>130 016 467</b>	<b>2 463 949</b>	<b>2 347 547</b>	<b>134 827 963</b>

#### Reconciliation of provisions - 2018

	Opening Balance	Additions	Change in discount factor	Total
Litigation	68 176 277	(2 830 515)	-	65 345 762
Landfill rehabilitation	56 007 366	6 921 510	1 741 829	64 670 705
	<b>124 183 643</b>	<b>4 090 995</b>	<b>1 741 829</b>	<b>130 016 467</b>

Non-current liabilities	62 662 384	62 323 158
Current liabilities	72 165 579	67 693 309
	<b>134 827 963</b>	<b>130 016 467</b>

#### Landfill site provision

The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on a valuation provided by an external consultant on the remaining useful life of the landfill site.

One Pangaea Financial was appointed to provide the provision for the programme for closure of the New England Road landfill site. At the end of the life of the landfill site, the municipality is expected to restore the landfill site to the condition it was before its use.

According to the National Environmental Management Act, Act 107 of 1998, the operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof. The landfill site provision was created to ensure that the site is environmentally and publicly acceptable and suited to the implementation of the proposed end-use. The rehabilitation cost is anticipated to be spent in 2024, the expected end of life of the landfill site, according to expert's report. As at 30 June 2019, the estimated remaining life of the landfill site is six years.

#### The key assumptions used by the experts were:

Net discount rate 3.20%

Type of waste – domestic waste mostly

Average density of waste - 0.75 tonnes per cubic metre

Expected growth rate of waste generation - 1.12%

Excavatable cover depth - 2.5 metres

Cover to waste ratio – 1: 4

At the reporting date there were no future events that could affect the cost of rehabilitating the land fill site.

#### Alien vegetation provision

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Department of Agriculture has since 2006 provided considerable support to the municipality in terms of clearing listed alien invasive plants.

The municipality's involvement and responsibility is effectively operational support to the Department of Agriculture for the clearing of listed alien invasive plants.

No work has been carried out during the current reporting period.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 19. Provisions (continued)

#### Litigation

Litigations against the Municipality recognized as provisions are those that the appointed attorneys have considered probable that the Municipality is liable and an outflow of economic benefits associated with the litigation is expected and the costs can be measured reliably.

#### Key assumptions provided by legal counsel are -

Net effective discount rate - 15.5%

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 20. Employee benefit obligations

#### Defined contribution plan

The Council provides retirement benefits to its employees by contributing to either a Provident fund, Retirement Pension Fund or Superannuation Pension Fund.

Membership to either a pension or provident fund is compulsory for all permanent employees.

The majority of the members and the Council contributes to the Natal Joint Municipal Pension and Provident funds (NJMP), employees contributes to the South African Local Authorities Pension Fund (SALA) and, Associated Institution Pension Fund (AIPF), Pietermaritzburg Provident Fund and Government Employees Pension Fund (GEPF). Employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPF make up the minority of members contribution to the pension funds. The municipality's liability in these funds cannot be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each contributing employer. The majority of personnel are members of the following pension funds:

#### Kwa-Zulu-Natal Joint Municipal Provident Fund

An actuarial valuation was performed on 31 March 2018 by Argen Actuarial Solutions.

The market value of the fund's assets was R 4 105 682 000 as at 31 March 2018.

#### Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R23 071 000 required to be held in the Risk Reserve Account.

The Fund is financially sound as at the valuation date.

#### Benefits of the fund:

- 1) Pension age - 65 years
- 2) Earliest retirement age - 58 years (55 years if more than 10 years continuous service)
- 3) Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
- 4) Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses.
- 5) Benefit on retirement after earliest retirement age or pension age - full benefit.
- 6) Benefit on retirement because of ill health - full benefit.
- 7) Benefit on death in service - Full benefit plus 0.7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary

#### Contributions to the fund

Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments in terms of regulation 14(a).

#### Local Authorities Contributions

Participating employers contribute at a rate of 1.95 times of the rate of members contribution in terms of regulation 17(1)(b).

#### Benchmark:

#### Investments:

Domestic Investments R3,280,115,000  
International Investments R960,210,000,  
Risk Reserve Account R 23,071,000  
Membership 15,917

#### Liabilities and reserves

Member share account R3 886 728 000  
Reserves and accounts R295 142 000

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

2019

2018

### 20. Employee benefit obligations (continued)

#### Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation

An actuarial valuation was performed on 31 March 2018 by Argen Actuarial Solutions.

The market value of the fund's assets was R 11 685 250 000 as at 31 March 2018.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase. Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

Benefits of the fund:

- 1) Members Contributions - 9.25% of pensionable salaries.
- 2) Pension age 65 years.
- 3) Final average salary - average annual pensionable salaries during the last year of service.
- 4) Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- 5) Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.
- 6) Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age.
- 7) Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.
- 8) Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.
- 9) Surviving spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.
- 10) Surviving spouses pension on death of pensioner - 1,2% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- 11) Lump sum on death in service - Annual pensionable emoluments. 10.75% of final average salaries.
- 12) Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

#### Benchmark

Investments

Domestic R 8,920,263,000

International R2,856,862,000

Membership 4,098

Liabilities and reserve

Accrued liability R4,600,700,000

Risk reserve R102,805, 000

Solvency reserve R732,980, 000

Balance of assets R91,865,000

Active members R6,156,900,000

#### Natal Joint Municipal Pension Fund: (Retirement) actuarial valuation

An actuarial valuation was performed on 31 March 2018 by Argen Actuarial Solutions.

The market value of the fund's assets was R 4 055 121 000 as at 31 March 2018.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase. Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 20. Employee benefit obligations (continued)

equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

Benefits of the fund:

- 1) Members Contributions - 7 % of pensionable salaries.
- 2) Pension age 65 years.
- 3) Final average salary - average annual pensionable salaries during the last year of service.
- 4) Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- 5) Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.
- 6) Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age.
- 7) Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.
- 8) Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.
- 9) Surviving spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.
- 10) Surviving spouses pension on death of pensioner - 1,2% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- 11) Lump sum on death in service - Annual pensionable emoluments. 10.75% of final average salaries.
- 12) Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

### Benchmark

Investments

Domestic R 3,104,927,000

International R1,012,485,000

Membership 1,782

Liabilities and reserve

Accrued liability R3 421 652 000

Risk reserve R82 440 000

Solvency reserve R343 917 000

Balance of assets R115 921 000

Prescribed minimum benefits R252 008 000

### The employees of the Council as well as the Council as employer contribute to municipal pension, retirement and various provident funds as listed below:

Associated Institution Pension Fund	132 942	124 131
Councillors Pension Fund	7 444 202	7 436 514
Dynamique Ambrella (Pietermaritzburg Provident Fund)	-	136 042
Government Employees Pension Fund	3 032 679	3 158 544
Natal Joint Pension Fund	100 127 887	100 578 494
Natal Joint Provident Fund	103 901 170	90 473 201
South African Local Authorities Pension Fund	391 860	366 022
	<b>215 030 740</b>	<b>202 272 948</b>

### Employment benefit obligations

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 20. Employee benefit obligations (continued)

#### Post employment medical aid

The municipality's employees and councillors are members on 6 accredited medical aid schemes, namely:

- 1) Bonitas,
- 2) Discovery Health,
- 3) Hosmed,
- 4) Key-Health,
- 5) LA Health
- 6) SAMWU Med,

Pensioners continue on the option they belonged to on the day of their retirement.

The latest actuarial valuation was performed by Arch Actuarial Consulting for the period ended 30 June 2019.

The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa.

The expert is independent and an approved pension fund valuator and a member of the Actuarial Society of South Africa (ASSA).

According to the last valuation the accrued liability amounted to R 526 821 870 (2018: R 629 854 699).

#### Long service awards

The long service awards provision represents the amount of money that should be set aside in present day terms to cover all expected long service awards for current employees.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The liability was estimated by an Actuary in terms of GRAP 25 (Employee Benefits).

Long service awards payments are expected on the anniversary of appointment for all the qualifying employees.

At the reporting date there were no future events that could affect the future payment costs for long service awards.

As at 30 June 2019, the liability was estimated by experts, Arch Actuarial Consulting.

The key assumptions used by the experts were:

Net effective discount rate - 2.43%

Average retirement age - 62 years

Mortality during employment - SA 85 - 90

A reconciliation of the municipality's accrued liability for the period ending 30 June 2019 is set out below:

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>20. Employee benefit obligations (continued)</b>		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Post employment medical aid	(526 821 870)	(629 854 699)
Long service awards	(71 457 540)	(74 165 465)
	<b>(598 279 410)</b>	<b>(704 020 164)</b>
Non-current liabilities	(562 080 514)	(667 511 174)
Current liabilities	(36 198 896)	(36 508 990)
	<b>(598 279 410)</b>	<b>(704 020 164)</b>
<b>Current</b>		
Post employment medical aid	26 751 131	25 880 067
Long service awards	9 447 765	10 628 923
	<b>36 198 896</b>	<b>36 508 990</b>
<b>Non current</b>		
Post employment medical aid	500 070 739	603 974 632
Long service awards	62 009 775	63 536 542
	<b>562 080 514</b>	<b>667 511 174</b>
<b>Changes in the present value of post employment medical aid benefit obligation are as follows:</b>		
Opening balance	(629 854 699)	(631 618 511)
Current service cost	(20 528 209)	(21 446 589)
Interest cost	(58 758 277)	(59 682 706)
Benefits paid	26 610 741	25 554 019
Actuarial gain	155 708 574	57 339 088
	<b>(526 821 870)</b>	<b>(629 854 699)</b>
<b>Changes in the present value of long service awards obligation are as follows:</b>		
Opening balance	(74 165 465)	(70 693 313)
Past service cost	(2 332 793)	-
Interest cost	(5 868 453)	(5 585 974)
Current service cost	(6 352 108)	(6 080 749)
Actuarial gain/(loss)	6 445 095	(526 854)
Benefits paid	10 816 184	8 721 425
	<b>71 457 540</b>	<b>(74 165 465)</b>

The total post employment medical aid benefit obligation decreased by R 103 032 829 (16%) from the previous valuation due the actuarial gain.

The significant actuarial gain arose chiefly due to the reasons stated below:

- 1) Fewer than expected members remained on a medical aid scheme at retirement
- 2) On average, members who retired on a medical aid scheme did so with a lower proportion of spouse dependants (about 60%).
- 3) On average, members bought down to cheaper medical aid options.
- 4) There were more exits than expected since the last valuation.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 20. Employee benefit obligations (continued)

#### Net expense recognised in the statement of financial performance(Post employment medical aid)

Current service cost	20 528 209	21 446 589
Interest cost	58 758 277	59 682 706
Actuarial (gains)	(155 708 574)	(57 339 088)
	<b>(76 422 088)</b>	<b>23 790 207</b>

#### Net expense recognised in the statement of financial performance(Long service awards)

Past service cost	2 332 793	-
Interest cost	5 868 453	5 585 974
Current service cost	6 352 108	6 080 749
Actuarial (gain)/losses	6 445 095	(526 854)
	<b>20 998 449</b>	<b>11 139 869</b>

#### Key assumptions used(Post employment medical aid)

Assumptions used at the reporting date:

Discount rates used	9,24 %	9,52 %
Health care inflation rate	6,74 %	7,32 %
Maximum subsidy inflation rate	4,68 %	5,12 %
Proportion with a spouse dependant at retirement	60,00 %	90,00 %
Continuation of membership at retirement	75,00 %	100,00 %

The projected unit credit method is used as the standard valuation methodology for the valuation done during the reporting period.

On average, members who retired on a medical aid scheme did so with a lower proportion of spouse dependants (about 60%) compared to the previous valuation(90%).



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 20. Employee benefit obligations (continued)

#### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change is assumed in healthcare care inflation liability and discount rates changes and would have the following effect:

	One percentage point increase	One percentage point decrease
Health care inflation on accrued liability	573 565 000	477 115 000
Discount rate	467 228 000	600 432 000

Amounts for the current and previous four years are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	526 822 000	629 855 000	631 619 000	646 841 000	609 937 000
Surplus (deficit)	(526 822 000)	(629 855 000)	(631 619 000)	(646 841 000)	(609 937 000)
Experience adjustments on plan liabilities	(22 837 000)	(17 781 000)	(4 119 000)	(22 463 000)	(15 095 000)

#### Total contribution to medical aid (employer and employees)

Bonitas	25 078 313	22 996 805
Discovery	233 501	179 727
Hosmed	516 562	602 131
Key Health	30 329 878	32 838 935
LA Health	64 740 981	56 166 918
Samwumed	3 106 895	3 465 572
Profmed	128 452	-
	<b>124 134 582</b>	<b>116 250 088</b>

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

#### Defined contribution plan

The long service awards provision represents the amount of money that should be set aside in present day terms to cover all expected long service awards for current employees.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The liability was estimated by an Actuary in terms of GRAP 25 (Employee Benefits).

Long service awards payments are expected on the anniversary of appointment for all the qualifying employees.

At the reporting date there were no future events that could affect the future payment costs for long service awards.

As at 30 June 2019, the liability was estimated by experts, Arch Actuarial Consulting.

The key assumptions used by the experts were:

Net effective discount rate- 2.43%

Average retirement age- 62 years

Mortality during employment- SA 85-9

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>21. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	15 480 869	6 865 803
Tatham Art Gallery	537 142	719 459
Neighbourhood Development Partnership Grant	13 828 445	603 783
Public Transportation Infrastructure Grant	-	26 145 263
Housing Accreditation Funding	42 192 231	36 401 052
Greater Edendale Development Initiative	260 234	14 858 424
Library	7 872 161	811 497
Market	167 184	925 534
Publicity House Renovations	-	3 108
Manaye Area Precinct Upgrade	2 719 215	4 154 687
Youth Enterprise Park	8 436 694	9 670 473
Beneficiary Audit and Transfers	6 858 629	9 602 390
Development of a Single Scheme	-	715 102
Oribi Village	-	689 836
Military Veterans	8 624 156	8 624 156
Electricity Grant - COGTA	-	4 877
Pietermaritzburg Airport	-	54 118
Operation Dlulisumlando	1 500 000	1 500 000
Jika Joe Community Residential Units	10 515 927	-
Title Deed Restoration Programme	8 965 991	-
	<b>127 958 878</b>	<b>122 349 562</b>

### Movement during the year

Balance at the beginning of the year	122 349 562	80 408 959
Funds paid back to National Treasury	(33 614 849)	(26 936 831)
Current year receipts	534 835 748	523 438 335
Current year interest received	6 100 950	5 733 379
VAT recovered from national grants as per MFMA circular 58	(46 570 842)	(39 398 187)
Refund to grant provider	(86 311)	(247 097)
Prior year expenditure recovered from current allocation	(7 096 415)	-
Conditions met -transferred to revenue	(447 958 965)	(420 648 996)
	<b>127 958 878</b>	<b>122 349 562</b>

The extent of government grants recognised in the statement of financial performance relates to the extent of the grant conditions having been met.

Refer to Appendix D for details of Unspent Conditional Grants, Receipts and Transfers from National, Provincial, Government and other departments.

### 22. VAT payable

VAT payable	144 840 266	83 659 588
<b>VAT Reconciliation</b>		
Accrued output tax	225 366 440	181 930 070
Accrued input tax	(67 447 144)	(76 095 044)
VAT refund due from SARS	(13 075 030)	(22 175 438)
	<b>144 844 266</b>	<b>83 659 588</b>

VAT is claimed on a payment basis.

All VAT returns have been submitted by the due date throughout the year.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 22. VAT payable (continued)

Only once an invoice is paid is VAT claimed and receivable from SARS.

### 23. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - 2019

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	6 676 038 353	50 556 923	8 981 927	6 735 577 203
Cash utilised for capital expenditure	65 401 582	-	-	65 401 582
Interest earned - COID	(787 171)	-	787 171	-
Transfer to COID	(6 155 453)	-	6 155 453	-
Interest on CRR	(1 975 422)	-	-	(1 975 422)
Interest on HDF	(3 001 201)	-	-	(3 001 201)
Interest earned - Insurance reserve	(1 473 920)	1 473 920	-	-
Transfer out of insurance	19 129 258	(19 129 258)	-	-
Adjustments in accumulated surplus	8 161 771	-	-	8 161 771
Transfers to/from reserves	(12 095 137)	-	-	(12 095 137)
Deficit for the year	(303 449 448)	-	-	(303 449 448)
	<b>6 439 793 212</b>	<b>32 901 585</b>	<b>15 924 551</b>	<b>6 488 619 348</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - 2018

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7 312 653 846	50 436 261	8 318 183	7 371 408 290
Interest earned on COID reserve	(663 744)	-	663 744	-
Interest on capital replacement reserve	(8 472 915)	-	-	(8 472 915)
Interest on housing development fund	(2 461 035)	-	-	(2 461 035)
Interest earned on insurance reserve	(3 731 761)	3 731 761	-	-
Insurance claims	3 611 099	-	-	3 611 099
Other transfers	(10 000 000)	(3 611 099)	-	(13 611 099)
Prior year adjustments	(345 639 071)	-	-	(345 639 071)
Deficit for the year	(349 697 593)	-	-	(349 697 593)
Transfers to/from reserves	80 439 527	-	-	80 439 527
	<b>6 676 038 353</b>	<b>50 556 923</b>	<b>8 981 927</b>	<b>6 735 577 203</b>

### 24. Capital replacement reserve

Based on the approval by the strategic management committee on the 7th April 2015 the CRR was created by transferring funds of R 151 935 999 from the accumulated surplus. This reserve will be used for the funding of property, plant and equipment.

Included in the reserve is an amount of R1 975 432 (2018: R8 472 914) in respect to interest earned on the reserve.

The CRR is a cash backed reserve

Opening balance	92 323 393	164 290 005
Utilised for capital expenditure	(65 401 584)	(80 439 526)
Interest earned	1 975 432	8 472 914
Transfers to/from reserves	12 095 137	-
	<b>40 992 378</b>	<b>92 323 393</b>

# Msunduzi Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>25. Housing development fund</b>		
Accumulative HDF utilisation	56 505 044	53 396 914
Loans extinguished by Government on 1 April 1998	34 256 892	34 256 892
	<b>90 761 936</b>	<b>87 653 806</b>
<b>26. Revaluation reserve</b>		
Opening balance	51 657 445	51 027 945
Revaluation of heritage assets	45 501 499	629 500
	<b>97 158 944</b>	<b>51 657 445</b>
The municipality has elected to adopt the revaluation model when accounting for heritage assets - artworks and jewellery, due to their nature.		
<b>27. Agency services</b>		
Commission earned on driver's licenses renewals	1 970 390	2 577 730
<b>28. Interest - consumer debtors and receivables</b>		
Electricity	23 537 696	39 773 724
Merchandising, jobbing and contracts	-	459 762
Property rental	2 391 153	1 989 211
Property rates	58 283 518	48 212 298
Sanitation	18 849 900	17 599 963
Service charges	10 009 880	321 231
South African Revenue Services	-	35 637
Waste management	10 734 629	9 084 676
Water	95 119 284	84 485 414
	<b>218 926 060</b>	<b>201 961 916</b>
<b>29. Interest received bank, call and investment accounts</b>		
Bank	2 113 917	2 894 660
Short term investments	18 264 838	36 151 530
	<b>20 378 755</b>	<b>39 046 190</b>
<b>30. Licences and permits (exchange)</b>		
Abnormal loads	494 461	574 501
Market porters	6 691	2 922
Taxi ranks	226 352	198 155
Trading	102 140	123 036
	<b>829 644</b>	<b>898 614</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>31. Operational revenue</b>		
Administration and handling fees	709 312	1 700 548
Breakages and losses recovered	2 701	1 987
Bursary refund	7 910	186 143
Collection charges	11 430 735	9 870 545
Commission insurance	703 269	633 368
Commission - transaction handling fees	18 241 326	20 659 584
Incidental cash surplus	13 017	2 282
Landing fees	2 892 171	3 365 225
Insurance refund	182 014	23 318
Merchandising, jobbing and contracts	12 287 438	14 800 548
Passenger levy	5 890 492	6 830 866
Request for information - plan printing and duplicates	97 810	49 676
Sale of property	1 887	227 052
Skills development levy	2 473 537	1 385 256
Staff recoveries	154 076	728
	<b>55 087 695</b>	<b>59 737 126</b>
<b>32. Rental of facilities and equipment</b>		
<b>Premises</b>		
Non-residential	15 207 711	18 503 743
Residential	5 226 127	8 556 572
	<b>20 433 838</b>	<b>27 060 315</b>
<b>Facilities and equipment</b>		
Rental of facilities	184 072	234 752
	<b>20 617 910</b>	<b>27 295 067</b>
<b>33. Rendering of services</b>		
Building plan approval	2 483 347	2 264 280
Cemetery and burial fees	3 339 928	2 993 253
Entrance fees	252 748	276 978
Fire services	194 472	236 382
Legal fees	77 461	139 660
Management fees	185 047	134 123
Parking fees	114 521	589 448
Rates clearance certificates	1 159 107	1 178 515
Sign application fee	205 603	280 050
Town planning and servitudes	248 093	760 931
Wayleave tariffs	5 031	25 465
Weighbridge fees	328	741
	<b>8 265 686</b>	<b>8 879 826</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>34. Sale of goods</b>		
Cleaning and removal	65 223	35 576
Demolition application fees	1 926	2 143
Photocopies and faxes	6 900	5 487
Posters and charts	97	-
Sale of scrap and waste	18 163	2 046
Sub-division and consolidation	129 692	19 870
Tender documents	100 973	189 564
Timber sales	75 711	150 000
Valuation services	18 913	26 440
Waste paper	3 444	2 283
	<b>421 042</b>	<b>433 409</b>

### 35. Service charges

Sale of electricity	2 032 237 677	1 903 198 040
Sale of water	649 733 747	563 095 497
Sanitation	161 144 633	142 391 879
Refuse removal	99 492 107	100 233 134
	<b>2 942 608 164</b>	<b>2 708 918 550</b>

Service charges are net of revenue (ie total service charges less rebates and free basis services)

### 36. Property rates

#### Rates received

Residential	526 849 729	488 071 412
Public benefit organisation	2 354 257	1 909 108
Commercial	267 579 957	235 737 331
Other categories	847 291	5 438 089
Industrial	126 105 072	119 304 148
Small home business	2 305 061	2 292 592
Communal land other	933 842	6 963 006
Farm properties	1 086 093	1 042 645
Unauthorised use	2 829 103	3 321 315
Mining	89 680	84 360
	<b>930 980 085</b>	<b>864 164 006</b>

#### Valuations

	Rates per 2019 category	Rates per 2018 category		
Agriculture	0,0033	0,0031	334 162 000	335 762 000
Commercial/Mining / Industrial / Unauthorised	-	-	21 705 911 424	21 459 009 424
Municipal properties	-	-	374 191 000	371 771 000
Residential	0,0134	0,0127	37 340 571 027	37 243 415 027
Rural communal land	0,0182	0,0172	533 290 000	533 290 000
Public Benefit Organisation	0,0033	0,0031	718 876 000	720 676 000
Public Service Infrastructure	0,0033	0,0031	114 787 000	112 787 000
Vacant land	0,0243	0,0230	1 301 533 000	1 259 803 000
	-		<b>62 423 321 451</b>	<b>62 036 513 451</b>

Valuations on land and buildings are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2014. Interim/ supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The municipality applied for one year exemption and was granted by the MEC COGTA. The new general valuation will be implemented on 01 July 2019.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>37. Fines, penalties and forfeits</b>		
Building fines	24 024	71 671
Court traffic fines	12 139 550	13 513 484
Law enforcement fines	374 657	653 926
Overdue books fines	2 913	13 652
Tender withdrawal penalties	16 000	32 000
	<b>12 557 144</b>	<b>14 284 733</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>38. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable Share	505 852 849	468 430 000
Municipal Infrastructure Grant	18 059 880	17 747 663
Expanded Public Works Programme	2 890 000	8 022 000
Finance Management Grant	1 700 000	1 700 000
Public Transport Infrastructure Grant	40 793 385	12 798 631
Housing Accreditation Funding	9 346 841	8 555 915
Greater Edendale Development Initiative	5 489 801	1 630 281
Tatham Art Gallery	666 982	126 533
Library	11 220 020	14 704 467
Housing	-	151 416
Manaye Area Precinct Upgrade	205 442	339 591
Youth Enterprise Park	1 316 864	-
Development of a Single Scheme - COGTA	650 000	350 000
Beneficiary Audit and Transfers	3 328 710	-
Oribi Village	689 836	-
	<b>602 210 610</b>	<b>534 556 497</b>
<b>Capital grants</b>		
Manaye Area Precinct Upgrade	1 852 832	149 110
Market	446 650	77 653
Municipal Infrastructure Grant	159 775 251	177 589 410
Neighbourhood Development Partnership	1 071 555	37 492 217
Public Transport Infrastructure Grant	158 310 615	118 568 105
Housing Accreditation Funding	1 157 486	994 631
Greater Edendale Development Initiative	10 129 662	14 095 539
Library	2 112 234	6 426 362
Pietermaritzburg Airport	54 118	-
Youth Enterprise Park	492 694	336 656
Water Services Infrastructure	42 760 000	38 191 000
Tatham Art Gallery	18 319	-
Jika Joe Community Residential Units	27 087 046	-
	<b>405 268 462</b>	<b>393 920 683</b>
	<b>1 007 479 072</b>	<b>928 477 180</b>

### Government grants and subsidies

Included in above are the following grants and subsidies received:

Equitable Share	505 852 849	468 430 000
Operating grants	90 120 942	62 551 157
Capital grants	364 037 924	358 189 727
VAT recovered from National grants - operating	6 236 819	3 489 463
VAT recovered from National grants - capital	41 230 538	35 816 833
	<b>1 007 479 072</b>	<b>928 477 180</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

In terms of section 227 of the Constitution, the Equitable Share grant provides funding for the municipality to deliver free basic services to poor households and subsidises the cost of administration and other core services for the municipality.

### Water Services Infrastructure Grant

Current-year receipts	42 760 000	38 191 000
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# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>38. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	(42 573 341)	(36 727 610)
VAT recovered from grant	(186 659)	(1 463 390)
	-	-

To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities. Provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions. To support drought relief projects in affected municipalities.

### Finance Management Grant

Current-year receipts	1 700 000	1 700 000
Conditions met - transferred to revenue	(1 562 054)	(1 699 160)
VAT recovered from grant	(137 946)	(840)
	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in Local Government to implement the Local Government : Municipal Finance Management Act (MFMA).

### Municipal Infrastructure Grant

Balance unspent at beginning of year	6 865 803	1 063 876
Current-year receipts	193 316 000	201 139 000
Conditions met - transferred to revenue	(155 672 751)	(174 838 655)
VAT recovered from grant	(22 162 380)	(20 498 418)
Unspent surrendered to National Treasury	(6 865 803)	-
	<b>15 480 869</b>	<b>6 865 803</b>

Conditions still to be met - remain liabilities (see note 21).

The funding has been provided for addressing specific capital projects for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

### Tatham Art Gallery

Balance unspent at beginning of year	719 459	-
Current-year receipts	441 000	820 000
Conditions met - transferred to revenue	(685 301)	(126 533)
Interest received	61 984	25 992
	<b>537 142</b>	<b>719 459</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided by the Provincial Department of Arts and Culture for Tatham Art Gallery to provide financial support to the municipality with a focus on the development and maintenance of museum care and preservation of our culture heritage.

### Neighbourhood Partnership Development Grant

Balance unspent at beginning of year	603 783	20 154 850
Current-year receipts	14 900 000	38 096 000
Conditions met - transferred to revenue	(424 938)	(36 498 954)
VAT recovered from grant	(646 617)	(993 263)
Unspent surrendered to National Treasury	(603 783)	(20 154 850)
	<b>13 828 445</b>	<b>603 783</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>38. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 21).		
Funding provided for to support and facilitate the planning and development of neighbourhood development programs and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted undeserved neighbourhoods.		
<b>PublicTransport Infrastructure Grant</b>		
Balance unspent at beginning of year	26 145 263	-
Current-year receipts	199 104 000	157 512 000
Conditions met - transferred to revenue	(168 570 344)	(114 924 460)
Prior year expenditure recovered from current allocation	(7 096 415)	-
VAT recovered from grant	(23 437 241)	(16 442 277)
Unspent surrendered to National Treasury	(26 145 263)	-
	<b>-</b>	<b>26 145 263</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

### Housing Accreditation Funding

Balance unspent at beginning of year	36 401 052	33 846 353
Current-year receipts	13 596 785	9 545 040
Conditions met - transferred to revenue	(10 504 327)	(9 550 546)
Interest received	2 698 721	2 560 205
	<b>42 192 231</b>	<b>36 401 052</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for Level 1 accreditation subsidy for the operation of the Housing Delivery Unit within the municipality.

### Greater Edendale Development Initiative

Balance unspent at beginning of year	14 858 424	1 896 942
Current-year receipts	-	27 705 656
Conditions met - transferred to revenue	(15 619 463)	(15 725 820)
Interest received	1 021 273	981 646
	<b>260 234</b>	<b>14 858 424</b>

Conditions still to be met - remain liabilities (see note 21).

The funding was provided by the Department of Human Settlements for the following :

1. To support GIS with the interrogation of housing layout against services in Edendale.
2. To support the finalisation of the town planning scheme.
3. For the development of an integrated land use management system for Edendale.
4. To value additional properties which are not within the 5 priority housing projects.
5. For advertising costs for expropriation of properties.
6. For costs relating to tenure conflicts, cadastral and deed office rectification.
7. For Increasing the resources for sales administration with regard to drawing up, signing and managing sales agreements.
8. For the provision of further training for personnel using GIS and property tracking systems.
9. For employment of two planning interns to be employed by the Land Legal Committee for a period of two years.

### Library

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>38. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	811 497	495 876
Current-year receipts	19 559 000	20 715 000
Conditions met - transferred to revenue	(13 332 254)	(21 130 829)
Interest received	833 918	731 450
	<b>7 872 161</b>	<b>811 497</b>

Conditions still to be met - remain liabilities (see note 21).

This is a provincial grant whose purpose is to address the constitutional mandate whereby public libraries are an exclusive provincial competency. The funding is for the provision of library services.

### Market

Balance unspent at beginning of year	925 534	940 793
Conditions met - transferred to revenue	(446 650)	(77 653)
Interest received	35 502	62 394
Approved project transfer	(347 202)	-
	<b>167 184</b>	<b>925 534</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Department of Co-operative Governance and Traditional Affairs for the market. The purpose of this grant is for the renovations and improvement of the fresh produce market which entails short term repairs, maintenance and the upgrading of existing facilities.

### Publicity House Renovations

Balance unspent at beginning of year	3 108	2 906
Current-year receipts	-	202
Approved project transfer	(3 191)	-
Interest received	83	-
	<b>-</b>	<b>3 108</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Co-operative Governance and Traditional Affairs to be used for the upgrade of the publicity house due to the building having structurally deteriorated.

### Manaye Area Precinct Upgrade

Balance unspent at beginning of year	4 154 687	4 350 712
Conditions met - transferred to revenue	(2 058 275)	(488 702)
Interest received	267 400	292 677
Approved project transfers	355 403	-
	<b>2 719 215</b>	<b>4 154 687</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Cooperative Governance and Traditional Affairs for the Manaye Area Precinct Upgrade in order to assist the municipality in fulfilling the developmental mandate and achieving the outcome of improving the lives of the communities through the implementation of the Corridor Development Programme that contributes towards creating an enabling environment for economic growth and job creation.

### Youth Enterprise Park

Balance unspent at beginning of year	9 670 473	9 380 111
Conditions met - transferred to revenue	(1 809 558)	(336 656)

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>38. Government grants and subsidies (continued)</b>		
Current year interest received	575 779	627 018
	<b>8 436 694</b>	<b>9 670 473</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Co-operative Governance and Traditional Affairs for Youth Enterprise Park which emerged to address the challenges of finding appropriate localities for businesses. The concept of the park will be to cluster a purpose built park of 30 to 50 container enterprises in a particular locality either in community, small town or rural district or as part of urban or rural renewal programmes. The programme will also offer on site training facilities and support micro enterprises that operate within the park. The idea is to create a purpose built precinct at scale where the local community is able to take up local economic community opportunities to establish businesses. The Youth Enterprise Park should fundamentally be able to reconnect the economy with communities whose needs offer economic opportunity for its local entrepreneurs.

### Expanded Public Works Programme

Balance unspent at beginning of year	-	2 896 487
Current-year receipts	2 890 000	8 022 000
Conditions met - transferred to revenue	(2 890 000)	(8 022 000)
Unspent surrendered to National Treasury	-	(2 896 487)
	<b>-</b>	<b>-</b>

To incentives municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

1. road maintenance and the maintenance of buildings,
2. low traffic volume roads and rural roads,
3. basic services infrastructure, including water and sewer reticulation, sanitation and pipelines (excluding bulk infrastructure)-other economic and social infrastructure,
4. tourism and cultural industries,
5. waste management,
6. parks and beautification,
7. sustainable land-based livelihoods,
8. social services programmes,
9. health service programmes, and
10. community safety.

### Beneficiary Audit And Transfers

Balance unspent at beginning of year	9 602 390	-
Current-year receipts	-	9 211 500
Conditions met - transferred to revenue	(3 328 710)	-
Interest received	584 949	390 890
	<b>6 858 629</b>	<b>9 602 390</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided by Department of Human Settlements as part of the restoration programme to assist in fast tracking the issuing of title deeds to the people of Msunduzi. The funding is provided for the appointment of social facilitators and a panel of conveyances to undertake this process.

### Development of a Single Scheme - Town Planning Scheme

Balance unspent at beginning of year	715 102	1 004 504
Conditions met - transferred to revenue	(650 000)	(350 000)
Refund to grant provider	(86 311)	-
Interest received	21 209	60 598
	<b>-</b>	<b>715 102</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 38. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 21).

To support the municipality in preparing legally compliant town planning schemes.

#### Oribi Village

Balance unspent at beginning of year	689 836	-
Current-year receipts	-	689 836
Conditions met - transferred to revenue	(689 836)	-
	<u>-</u>	<u>689 836</u>

Conditions still to be met - remain liabilities (see note 21).

Funding provided by Department of Human Settlements for the preparation of detailed planning, design and construction of Oribi Village.

#### Military Veterans

Balance unspent at beginning of year	8 624 156	-
Current-year receipts	-	8 624 156
	<u>8 624 156</u>	<u>8 624 156</u>

Conditions still to be met - remain liabilities (see note 21).

Intervention and funding to undertake planning and servicing of 180 proposed residential sites for the military veterans in the Msunduzi Municipal area of jurisdiction. Funding provided by Department of Human Settlements for this project.

#### Electricity Grant - COGTA

Balance unspent at beginning of year	4 877	4 569
Interest received	132	308
Approved project transfers	(5 009)	-
	<u>-</u>	<u>4 877</u>

Conditions still to be met - remain liabilities (see note 21).

Funding provided by Corporate Governance and Traditional Affairs for the replacement of transformers and installation of solar powered street and traffic lighting.

#### Pietermaritzburg Airport

Balance unspent at beginning of year	54 118	(1 413 029)
Current-year receipts	-	1 467 147
Conditions met - transferred to revenue	(54 118)	-
	<u>-</u>	<u>54 118</u>

Conditions still to be met - remain liabilities (see note 21).

The funding has been provided for the development and construction of a Pietermaritzburg Technology (Science) Park at the Pietermaritzburg airport.

#### Operation Dlulisumlando

Balance unspent at beginning of year	<u>1 500 000</u>	<u>1 500 000</u>
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# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 38. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 21).

Funds provided by the Office of the Premier to support both the establishment and implementation of the Dlulisumlando Project, a national historical development initiative and imperative.

#### Integrated National Electrification Programme

Balance unspent at beginning of year	-	3 885 495
Unspent surrendered to National Treasury	-	(3 885 495)
	-	-

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification.

#### Electricity Smart Grids

Balance unspent at beginning of year	-	247 097
Refunded to grant provider	-	(247 097)
	-	-

The funding has been provided for the deployment of smart grid solutions to deal with municipal revenue enhancement and public building energy efficiency, data acquisition, collection, modelling and management together with the over-arching facilitation of stakeholder participation and collaboration, cognisant of human capital development and knowledge sharing or transfer to prove the application, adaptability and scalability of such technologies.

#### Jika Joe Community Residential Units

Current-year receipts	37 602 972	-
Conditions met - transferred to revenue	(27 087 045)	-
	<b>10 515 927</b>	-

Conditions still to be met - remain liabilities (see note 21)

Funds provided by the Provincial Department of Human Settlements for the addressing of the housing backlog in the Municipality, and rental stock has been identified as a strategic intervention in addressing the formal accommodation needs. The Jika Joe project has been identified as a priority to address the Jika Joe informal settlement. The project also aims to relocate the residents from the existing Masukwana Street temporary housing and the removal of the of structures.

#### Title Deed Restoration Programme

Current-year receipts	8 965 991	-
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Conditions still to be met - remain liabilities (see note 21).

Funds provided by the Provincial Department of Human Settlements to assist the municipality to ensure that people approved through the enhanced extended discount benefit scheme and the housing delivery programme, their ownership is confirmed through this title deeds restoration grant.

#### Housing

Balance unspent at beginning of year	-	151 416
Conditions met - transferred to revenue	-	(151 416)
	-	-

Funds received from Department of Human Settlements to provide funding for the creation of sustainable human settlements.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>39. Other transfers</b>		
Kwazulu-Natal Department of Human Settlements	-	10 000 000
Donations	9 162 557	4 897 250
	<b>9 162 557</b>	<b>14 897 250</b>

The current year donations are artworks (paintings) donated to the Tatham Art Gallery. The previous year the municipality received a donation of motor vehicles from the Department of Transport.

### 40. Bulk purchases

Electricity	1 575 444 642	1 483 727 730
Water	556 728 775	473 271 250
	<b>2 132 173 417</b>	<b>1 956 998 980</b>

### 41. Contracted services

#### Outsourced services

Administrative and support staff	3 821 549	3 536 528
Alien vegetation control	-	28 581
Animal care	1 248 394	1 178 842
Burial services	204 155	361 913
Business and advisory	72 200 378	88 715 380
Cleaning services	5 240 487	4 111 545
Clearing and grass cutting services	4 586 385	11 073 664
Communications	925 104	225 103
Connection/dis-connection	10 539 415	6 635 427
Human resources	7 461 950	12 280 121
Hygiene services	1 808 747	1 794 291
Professional staff	1 186 439	3 000 379
Project management	16 501 443	23 561 162
Qualification verification	2 342	1 171
Quality control - bacteriological	86 971	155 854
Refuse removal (SMME)	1 913 838	5 511 480
Researcher	19 354 804	2 327 260
Security services	81 058 888	100 929 718
Sewerage services	233 840	1 576 050
Traffic fines management	-	2 050
Valuer	6 080 839	1 084 990

#### Consultants and professional Services

Business and advisory	22 562 030	33 930 378
Infrastructure and planning	9 498 903	6 397 222
Laboratory services	-	246 171
Legal cost	24 997 985	31 157 206

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>41. Contracted services (continued)</b>		
<b>Contractors</b>		
Artists and performers	320 000	475 000
Audio-visual services	-	27 500
Building	4 018 545	8 757 440
Forestry	-	2 899 550
Electrical	749 041	10 361 041
Employee wellness	22 826	80 139
Fire protection	5 612	-
Fire services	369	-
Haulage	34 600	-
Gas	-	811
Graphic designers	70 125	258 772
Maintenance of buildings and facilities	24 076 371	20 373 362
Maintenance of equipment	28 659 806	41 424 500
Maintenance of unspecified assets	63 268 502	64 496 593
Medical services	175 376	267 082
Prepaid electricity vendors	2 602 792	2 447 594
Traffic and street lights	878 363	1 051 091
Transportation	1 905 175	2 347 683
Safeguard and security	125 799	379 000
Sewerage services	154 331 903	121 685 550
Sports and recreation	-	7 725
Stage and sound crew	-	13 000
Stream cleaning and ditching	-	176 000
	<b>572 760 091</b>	<b>617 351 919</b>
<b>Totals per category</b>		
Outsourced services	234 455 968	268 091 509
Consultants and professional services	57 058 918	71 730 977
Contractors	281 245 205	277 529 433
	<b>572 760 091</b>	<b>617 351 919</b>
<b>42. Debt impairment</b>		
Contribution - consumer debtors	869 657 945	725 567 805
Bad debts written off	10 345 711	819 188
	<b>880 003 656</b>	<b>726 386 993</b>

### Debt Recovery Plan

The debt that has been written off in the current financial year includes debts that relate to the previous financial years. The municipality has embarked on a debt recovery plan that is focusing on the key Industrial, Commercial and Government debtor categories. The approach is based on the fact that these categories of debtors have a greater potential to pay their service debts that are due, enhancing the municipalities cash flow situation.

The Revenue Enhancement process deals with the escalating debtor's book in the following manner:

1) *Analysis of our debtor's book to ascertain that there is no existence of debtor accounts balances with prescribed debt.*

2) *All prescribed debt will be reviewed for its existence and valuation to establish if a consumer is consuming the services and are benefiting but not paying with the hope that the municipality will write off the debt.*

3) *Converting indigent customer's meters into prepaid meters.*

4) *In the pipe line, is the plan to convert water credit meters into water prepaid meters.*

5) *Illegal tampering by customers will result in immediate disconnection of services.*

6) *A dedicated team to handle disconnection services.*

7) *We are also doing disconnection over the weekend.*

8) *Installation of all new services installations will be strictly done through prepaid meters.*

9) *Implementation of municipality approved credit control policies.*



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>43. Depreciation and amortisation</b>		
Property, plant and equipment	442 813 504	447 609 350
Intangible assets	11 871 474	17 818 884
	<b>454 684 978</b>	<b>465 428 234</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>44. Employee related costs</b>		
<b>Municipal Staff</b>		
Acting allowances	13 550 896	2 184 749
Basic salaries	709 103 039	663 402 984
Bargaining council	338 887	323 378
Bonus	55 839 316	58 799 592
Housing benefits and allowances	3 993 688	3 842 879
Leave pay provision	8 829 431	17 064 730
Long-service awards	29 672 398	28 593 211
Medical aid	54 759 404	47 299 822
Other allowances (tools, uniform, telephone etc)	6 981 438	7 173 049
Overtime payments	99 448 148	80 756 266
Pension contribution	147 062 601	138 332 999
Post employment medical aid benefit	79 286 486	81 129 295
Scarcity allowance	5 845 099	5 001 231
SDL	11 053 382	9 486 111
Standby allowance	17 587 575	9 561 494
Travel/Motor vehicle allowance	26 243 075	16 092 091
UIF	5 991 137	5 837 651
WCA	2 386 562	1 400 436
	<b>1 277 972 562</b>	<b>1 176 281 968</b>

### Remuneration of City Manager

Basic salary	747 413	1 831 654
Bargaining council	105	99
Contributions to UIF, medical and pension funds	116 509	180 371
Housing allowance	216 000	216 000
Leave pay accrual	2 986	-
Phone allowance	26 400	26 561
Travelling allowance	108 547	115 199
	<b>1 217 960</b>	<b>2 369 884</b>

### Remuneration of Chief Finance Officer

Basic salary	1 228 641	1 310 564
Acting allowance	96 736	-
Bargaining council	105	99
Bonus	60 000	60 000
Contributions to UIF, medical and pension funds	121 577	129 565
Housing allowance	180 000	180 000
Leave pay provision	5 815	34 890
Phone allowance	14 400	15 465
Travelling allowance	176 493	186 483
	<b>1 883 767</b>	<b>1 917 066</b>

### Remuneration of Chief Audit Executive

Basic salary	1 000 791	913 399
Bargaining council	105	99
Bonus	83 399	-
Contributions to UIF, medical and pension funds	205 980	199 562
Housing	10 228	9 559
Leave pay provision	1 431	25 938
Phone allowance	9 000	9 000
Travelling allowance	153 262	153 262
	<b>1 464 196</b>	<b>1 310 819</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>44. Employee related costs (continued)</b>		
<b>Remuneration of General Manager : Corporate Services</b>		
Basic salary	1 291 764	1 374 117
Bargaining council	105	99
Bonus	60 000	60 000
Contributions to UIF, medical and pension funds	236 330	272 990
Phone allowance	16 400	15 753
Leave pay provision	4 491	30 057
Travelling Allowance	127 251	134 454
	<b>1 736 341</b>	<b>1 887 470</b>
<b>Remuneration of General Manager : Sustainable Development and City Enterprises</b>		
Basic salary	551 399	587 155
Bargaining council	53	41
Bonus	-	266 346
Contributions to UIF, medical and pension funds	892	61 149
Housing allowance	48 000	75 000
Leave pay provision	191	29 594
Phone allowance	8 646	6 139
Travelling allowance	60 430	105 341
	<b>669 611</b>	<b>1 130 765</b>
<b>Remuneration of General Manager : Community Services</b>		
Basic salary	1 296 444	1 373 593
Bargaining council	105	99
Bonus	60 000	60 000
Contributions to UIF, medical and pension funds	202 139	207 956
Housing allowance	82 680	82 680
Leave pay provision	(269 974)	17 127
Phone allowance	14 400	17 417
Travelling allowance	127 251	134 454
	<b>1 513 045</b>	<b>1 893 326</b>
<b>Remuneration of General Manager : Infrastructure Services</b>		
Basic salary	-	1 274 805
Bargaining council	-	99
Contributions to UIF, medical and pension funds	-	187 238
Housing allowance	-	120 000
Leave pay provision	-	(56 249)
Phone allowance	-	20 831
Travelling Allowance	-	226 501
	-	<b>1 773 225</b>
The General manager : Infrastructure services was paid a settlement amount of R2 103 791 during the 2018/19 financial year.		
<b>Total section 57 employees</b>		
City Manager	1 217 960	2 369 884
Chief Finance Officer	1 883 767	1 917 066
Chief Audit Executive	1 464 196	1 310 819
General Manager : Sustainable Development and City Enterprises	669 611	1 130 765
General Manager : Community Services	1 513 045	1 893 326
General Manager : Corporate Services	1 736 341	1 887 470

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>44. Employee related costs (continued)</b>		
General Manager : Infrastructure Services	-	1 773 225
<b>Subtotal</b>	<b>8 484 920</b>	<b>12 282 555</b>
Municipal staff	1 277 972 562	1 176 281 968
<b>Total employee related costs</b>	<b>1 286 457 482</b>	<b>1 188 564 523</b>
The municipality's staff complement as at 30 June 2019 was 5423 (2018:5786).		
<b>45. Finance costs</b>		
Non-current borrowings	52 421 134	61 394 332
Trade and other payables	41 250	2 505
Finance leases	-	42 586
	<b>52 462 384</b>	<b>61 439 423</b>
<b>46. Impairment loss/reversal of impairments</b>		
<b>Impairments</b>		
<b>Property, plant and equipment</b>	5 719 754	3 722 559
The procedure used to determine if the asset was impaired was to physically inspect the asset and determine if the asset was impaired and what factors contributed to the impairment and then comparing the condition, age and cost of the asset to the current records in the asset register and if there was a change this was then adjusted accordingly.		
<b>Heritage assets</b>	-	(6 200)
The impairment is in respect to a flooding that occurred at the Tatham Art Gallery.		
	<b>5 719 754</b>	<b>3 728 759</b>
<b>47. Inventory consumed</b>		
Agricultural	-	76 607
Consumables	55 049 628	66 015 927
Materials and supplies	3 488 393	3 194 652
	<b>58 538 021</b>	<b>69 287 186</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>48. Operational costs</b>		
Achievements and awards	112	-
Advertising	7 718 652	11 699 896
Bank charges	7 037 296	5 446 736
Bursaries (employees)	568 702	483 480
Cash discount	-	1 228 901
Catering municipal activities	1 479 882	3 480 496
Cleaning	-	26 407
Commission paid	13 070 489	11 887 328
Communication	12 276 350	11 595 144
Conferences and seminars	333 506	861 053
Drivers licenses and permits and other	6 910	4 360
Entertainment	47 857	202 646
External audit fees	9 445 654	6 882 197
External computer services	10 771 171	10 982 813
Fines and penalties	51 601	-
Insurance	8 568 753	3 611 099
IT expenses	25 913	279 508
Interest cost - provisions	2 347 547	1 741 829
Office decorations	786	65 543
Parking fees	-	122
Postage and courier	-	395
Printing, publication and books	2 988 168	4 768 692
Protective clothing	4 736 758	6 381 759
Learnerships and internships	6 087 296	2 795 867
Management fees	-	336 572
Motor vehicle expenses	5 125 024	4 489 470
Municipal services	14 872 256	17 254
Signage	68 855	373 438
Storage of files	6 290	11 194
Litigation provision - contribution	73 269	31 710 346
Surveys and servitudes	-	428 893
Subscriptions and membership fees	13 562 842	12 387 508
Travel - local	2 329 058	1 634 352
Title deed search fees	78 883	31 980
	<b>123 679 880</b>	<b>135 847 278</b>
<b>49. Operating leases</b>		
<b>Premises</b>		
Contractual amounts	1 114 817	2 311 810
<b>Motor vehicles</b>		
Contractual amounts	19 778 557	29 288 692
<b>Equipment</b>		
Contractual amounts	12 174 649	10 948 532
	<b>33 068 023</b>	<b>42 549 034</b>

Operating lease payments represent rentals payable by the municipality for certain office equipment.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>50. Remuneration of councillors</b>		
Mayor	1 286 979	1 287 819
Deputy Mayor	1 048 643	1 048 048
Speaker	1 048 643	1 048 369
Chief Whip	967 080	967 080
Executive Committee Members	7 736 824	7 737 357
Municipal Public Account Committee chairperson	967 080	967 080
Councillors	31 075 432	31 964 340
<b>Total Remuneration of Councillors</b>	<b>44 130 681</b>	<b>45 020 093</b>
<b>Remuneration of Mayor</b>		
Basic salary	1 199 687	1 197 607
Medical aid contributions	42 042	44 792
Phone allowance	45 250	45 420
	<b>1 286 979</b>	<b>1 287 819</b>
<b>Remuneration of Deputy Mayor</b>		
Basic salary	732 913	732 913
Pension contributions	109 937	109 937
Phone allowance	45 250	45 420
Travelling allowance	160 543	159 778
	<b>1 048 643</b>	<b>1 048 048</b>
<b>Remuneration of Speaker</b>		
Basic salary	809 907	809 907
Pension contributions	121 486	121 042
Phone allowance	45 250	45 420
Travelling allowance	72 000	72 000
	<b>1 048 643</b>	<b>1 048 369</b>
<b>Remuneration of Chief Whip</b>		
Basic salary	717 999	718 869
Medical aid contributions	20 913	19 913
Pension contributions	107 700	107 830
Phone allowance	26 400	26 400
Travelling allowance	94 068	94 068
	<b>967 080</b>	<b>967 080</b>
<b>Remuneration of Executive Committee Members</b>		
Basic salary	5 518 205	5 667 933
Housing allowance	38 246	38 246
Medical aid contributions	207 119	182 819
Pension contributions	713 196	681 739
Phone allowance	211 200	217 700
Travelling allowance	1 048 858	948 920
	<b>7 736 824</b>	<b>7 737 357</b>
<b>Remuneration of other councillors</b>		
Basic salary	20 704 227	21 537 979
Housing allowance	88 492	88 492
Medical aid contributions	1 244 730	1 161 574
Pension contributions	2 744 149	2 771 691
Phone allowance	1 689 096	1 736 800
Travelling allowance	4 604 738	4 667 804

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>50. Remuneration of councillors (continued)</b>	<b>31 075 432</b>	<b>31 964 340</b>
<b>Municipal Public Accounts Committee Chairperson</b>		
Basic salary	583 078	584 532
Medical aid contributions	34 970	33 298
Pension contributions	87 462	87 680
Phone allowance	26 400	26 400
Travelling allowance	235 170	235 170
	<b>967 080</b>	<b>967 080</b>
<b>In-kind benefits</b>		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time.		
Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.		
The Mayor has three full-time bodyguards. The Deputy Mayor and Speaker have two full-time bodyguards.		
<b>51. Transfers and subsidies</b>		
<b>Grants paid to Municipality Entity's</b>		
Safe City	10 271 084	7 807 954
<b>Other subsidies</b>		
Grant in aid	12 115 893	13 150 045
Injury on duty	1 974 417	1 695 247
Post retirement benefits	(437 052)	3 893 874
Arbitration awards	2 166 533	462 818
	<b>15 819 791</b>	<b>19 201 984</b>
	<b>26 090 875</b>	<b>27 009 938</b>
<b>52. Fair value adjustments on investment property</b>		
Investment property (fair value model)	(38 630 000)	57 190 307
<b>53. Actuarial gains/ (losses)</b>		
Long service	6 445 095	(526 854)
Post retirement benefit - medical aid	155 708 574	57 339 088
	<b>162 153 669</b>	<b>56 812 234</b>
<b>54. Gains on agricultural assets and living resources</b>		
Gains or losses arising from agricultural assets and living resources	15 856 141	9 954 881
<b>55. Inventory losses</b>		
Inventories losses	(5 221 045)	(4 743 013)

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>56. Cash generated from operations</b>		
Deficit	(303 449 448)	(349 697 590)
<b>Adjustments for:</b>		
Depreciation and amortisation	454 684 978	465 428 234
Loss on sale of assets	(2 876 825)	871 236
Fair value adjustments	38 630 000	(57 190 307)
Finance costs - Finance leases	-	42 586
Impairment deficit	5 719 754	3 728 759
Debt impairment	880 003 656	726 386 993
Movements in retirement benefit assets and liabilities	(105 740 754)	72 401 652
Movements in provisions	4 811 496	3 315 788
(Gain)/Loss on agricultural assets and living resources	(15 856 141)	(9 954 881)
Inventory losses	5 221 045	4 743 012
Donations-non cash	(9 162 557)	(4 897 250)
<b>Changes in working capital:</b>		
Inventories	21 084 185	(289 942 396)
Receivables from exchange transactions	27 503 532	35 192 944
Consumer debtors	(720 783 998)	(291 405 232)
Other receivables from non-exchange transactions	(6 772 945)	(9 730 918)
Payables from exchange transactions	16 448 622	131 193 321
VAT	61 180 678	71 503 390
Unspent conditional grants and receipts	5 609 316	42 073 076
Consumer deposits	(1 580 031)	7 427 700
	<b>354 674 563</b>	<b>551 490 117</b>
<b>57. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	888 615	945 192
Amount paid - current year	(888 615)	(945 192)
	-	-
<b>Audit fees</b>		
Opening balance	98 491	62 173
Current year fee	9 445 654	6 882 196
Amount paid - current year	(9 389 168)	(6 845 878)
	<b>154 977</b>	<b>98 491</b>
<b>PAYE and UIF</b>		
Current year	173 328 438	152 149 632
Amount paid - current year	(173 328 438)	(152 149 632)
	-	-
<b>Pension and medical aid deductions</b>		
Current year	339 165 322	318 523 036
Amount paid - current year	(339 165 322)	(318 523 036)
	-	-
<b>VAT</b>		
VAT payable	(144 840 266)	(83 659 588)



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 57. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

30 June 2019	Outstanding more than 90 days R
Mduduzi Njilo	302
Prudence Msimang	1 588
Sandile Dlamini	23 026
Siphiwe Ndawonde	31 662
Vusimuzi Magubane	89 996
Siphamandla Mdlala	250
Sandra Lyne	25
	<b>146 849</b>
30 June 2018	Outstanding more than 90 days R
Dolo Zondo	7 054
Ignatia Madondo	1 036
Mduduzi Njilo	37 608
Nkosinathi Mbanjwa	2 093
Sandile Dlamini	26 440
Simphiwe Ndawonde	43 417
Thandiwe Zungu	2 876
Thinasonke Ntombela	2 093
Vusimuzi Magubane	71 518
	<b>194 135</b>

Normal credit control procedures have been applied for the recovery of all outstanding debt.

Councillors have made arrangements to re-pay outstanding debt.

### 58. Non- compliance with the Municipal Finance Management Act

The Municipality did not comply with section 65(2)(e) of the MFMA.

There were instances of non-compliance wherein some suppliers were not paid within 30 days.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand		2019	2018	
<b>59. Supply Chain Management regulation 45 of the MFMA</b>				
Awards to close family members of persons in the service of the state				
Name of the service provider	Employee name	Job title	Organ of state	Amount paid
The Borain Brothers cc T/A Borain Leyland	Mchunu Nomvula Teressa	General Worker Infra Structure	Msunduzi Municipality	286 390
Jobe and Seleokane- Financial Consultants CC	Mthembu Samkelisiwe	Senior Acquisition clerk	Msunduzi Municipality	48 855
Enforce Security Mathew Francis Inc	MEC Cogta N Dube Brenden Sivparsad	MEC Cogta Senior Manager Water and Sanitation	COGTA Msunduzi Municipality	- 28 160 132
Eka GP Trading Enterprise	Nhlakanipho Wiseman Gini Dlamini	General Assistant Mechanical Workshop	Msunduzi Municipality	-
Valimbo Primary Co-Operative	Mzwenzhlanhla Wiseman Khoza	General Assistant Waste Management	Msunduzi Municipality	-
Ekuseni Investment Holdings Gibb Pty Ltd	Sandile Dlamini K. Pillay	Councillor Data Capturer	Department of Education	- 302 962
	P. Pillay Alan Moon	Educator Head : Business Continuity	Department of Education City of Cape Town	- -
	John Watson	Director - Accounting Support and Reporting	National Treasury	
	Leigh Stolworthy	Principle : Professional IRT System Planning	Department of Education	
	Sonnika Cilliers Nokuthula Mkhize	Educator Accounting Clerk	Department of Education National Department of Water Affairs and Forestry	
	Jeanne Mare	Senior Educator	Department of Education	
	Imra Brink Nkosinathi Mzayi	Educator Correctional Officer	Department of Education Department of Correctional Services	
	Jacqueline Gooch	Head of Department	Department of Transport	
	Unathi Lekonyana	Deputy Director : Grant Monitoring and Analysis	Deputy Director: Grant Monitoring and Analysis	
	Douglas Kiewiet	Area Manager (North)	National Department of Water Affairs and Forestry	
	Rajiv Beharie	Senior Engineer	Eskom	

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>59. Supply Chain Management regulation 45 of the MFMA (continued)</b>		
M B Haq	Architect /	City of Cape Town
	Town Planner	
Mthonono Logistics	Siphiwi Nkala	Educator
		Department of Education
		28 000
		<b>28 826 339</b>

### 60. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with official procurement processes established by the policy and to procure any required goods or services through any convenient process".

This would typically include urgent and emergency cases, single-source/sole providers of goods and services, and any other cases where it is impractical to follow normal SCM process. In the event of such a decision, the Accounting Officer is required to report this to the next council meeting for noting.

Computer expenditure	11 806 989	1 682 777
Health and safety	-	406 143
Other	4 369 543	7 014 188
Repairs and maintenance	259 895	4 477 844
Repairs to motor vehicles	6 323 596	5 707 391
Repairs to property, plant and equipment	-	3 255 447
Service delivery	846 980	6 063 840
Forensic services	4 350	-
	<b>23 611 353</b>	<b>28 607 630</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>61. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted capital expenditure</b>		
Approved and contracted	316 348 534	432 503 815
<b>Total approved and contracted capital commitments</b>		
Already contracted for but not provided for	316 348 534	432 503 815
<b>Authorised operational expenditure</b>		
<b>Approved and contracted operational expenditure</b>		
Approved and contracted	519 993 803	510 722 503
<b>Total approved and contracted operational commitments</b>		
Already contracted for but not provided for	519 993 803	510 722 503
<b>Total approved and contracted commitments</b>		
	836 342 337	943 226 317
Approved and not yet contracted commitments	810 151 756	810 151 756
<b>Total commitments</b>	<b>1 646 494 093</b>	<b>1 753 378 073</b>
The future commitments will be financed through council own funding, national and provincial grants in terms of DORA. Commitments are exclusive of Value Added Taxation.		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	4 661 712	1 014 056
- in second to fifth year inclusive	9 323 424	-
	<b>13 985 136</b>	<b>1 014 056</b>

Operating lease payments represent rentals payable by the municipality for certain office equipment.

## 62. Contingencies

The municipality is defending various litigation and claim cases against it.

Should the litigation and claims against the municipality be successful the total estimated liability of all the cases is approximately R 34 029 252.80 (2018:R55 864 793).

Refer to Appendix E1 and E2 for further details.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 63. Related parties

#### Relationships

Municipal entity	Safe City Msunduzi NPC
Controlling entity	Msunduzi Municipality
MEC COGTA	Enforce Security
Members of key management	Acting City Manager - Nelisiwe M. Ngcobo
	Acting Chief Financial Officer - Dudu N Gambu
	General Manager : Community Services - Boniwe Zulu
	General Manager : Corporate Services - Mosa L.I. Molapo
	General Manager : Infrastructure Services - Ngangenkosi Mpsi
	General Manager : Sustainable Development and City
	Enterprises - Felix Nxumalo
	Chief Audit Executive - Petrus J. Mahlaba

Safe City Msunduzi NPC was formed as a partnership with the business community to combat crime in the city. Council allocates a grant in aid to the entity.

#### Related party transactions

	Nature of relationship	30 June 2019	30 June 2018
Grant paid to Safe City Msunduzi NPC	Safe City is an entity of the Municipality.	10 271 084	7 807 954
Matthew Francis	Senior manager water and sanitation is a spouse of Matthew Francis Director. The Municipality conducts business with Matthew Francis on a regular basis.	28 160 132	12 739 945
Electricity and water payment paid by Safe City Msunduzi NPC	Safe City is an entity of the Municipality.	146 053	147 891
Enforce Security	KZN MEC COGTA's spouse is a director of Enforce Security.	-	502 155
		<b>38 577 269</b>	<b>21 197 945</b>

The terms of transactions were the same for all suppliers.

Transactions are at arm's length with related parties.

#### In kind benefits

The salary and benefits of the Ministerial representative are paid by the Department of Cooperative Governance and Traditional Affairs. The municipality has not been charged to the services rendered by the Municipal representative.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 63. Related parties (continued)

#### Remuneration of management

##### Councillors

##### 2019

	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Total
<b>Name</b>							
Mayor	1 199 687	45 250	-	-	-	42 042	1 286 979
Deputy mayor	732 913	45 250	-	160 543	-	109 937	1 048 643
Speaker	809 907	45 250	-	72 000	121 486	-	1 048 643
Chief whip	717 999	26 400	-	94 067	107 700	20 913	967 079
MPAC	583 078	26 400	-	235 170	87 462	34 970	967 080
Executive committee members	5 518 205	211 200	38 246	1 048 858	713 196	207 120	7 736 825
Other councillors	20 704 227	1 689 096	88 492	4 604 738	2 744 149	1 244 730	31 075 432
	<b>30 266 016</b>	<b>2 088 846</b>	<b>126 738</b>	<b>6 215 376</b>	<b>3 773 993</b>	<b>1 659 712</b>	<b>44 130 681</b>

##### 2018

	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Total
<b>Name</b>							
Mayor	1 197 607	45 420	-	-	-	44 792	1 287 819
Deputy mayor	732 913	45 420	-	159 778	109 937	-	1 048 048
Speaker	809 907	45 420	-	72 000	121 042	-	1 048 369
Chief whip	718 869	26 400	-	94 068	107 830	19 913	967 080
MPAC chair	584 532	26 400	-	235 170	87 680	33 298	967 080
Executive committee members	5 667 933	217 700	38 246	948 920	681 739	182 819	7 737 357
Other councillors	21 537 979	1 736 800	88 492	4 667 804	2 771 691	1 161 574	31 964 340
	<b>31 249 740</b>	<b>2 143 560</b>	<b>126 738</b>	<b>6 177 740</b>	<b>3 879 919</b>	<b>1 442 396</b>	<b>45 020 093</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 63. Related parties (continued)

#### Executive management

#### 2019

	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Acting allowance	Bonus	Other	
City Manager	747 413	26 400	216 000	108 547	114 725	-	-	-	4 876	1 217 961
Chief Financial Officer	1 228 641	14 400	180 000	176 493	119 792	-	96 736	60 000	7 705	1 883 767
Chief Audit Executive Internal audit	1 000 791	9 000	10 228	153 262	180 142	24 053	-	83 399	3 320	1 464 195
General Manager : Corporate Services	1 291 764	16 400	-	127 251	232 518	4 491	-	60 000	3 917	1 736 341
General Manager : Community services	1 296 444	14 400	82 680	127 251	176 965	23 390	-	60 000	(268 084)	1 513 046
General Manager : Sustainable Development and City Enterprises	551 399	8 646	48 000	60 430	-	-	-	-	1 136	669 611
	<b>6 116 452</b>	<b>89 246</b>	<b>536 908</b>	<b>753 234</b>	<b>824 142</b>	<b>51 934</b>	<b>96 736</b>	<b>263 399</b>	<b>(247 130)</b>	<b>8 484 920</b>

#### 2018

	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Bonus	Other	Total
<b>Name</b>									
City Manager	1 831 654	26 561	216 000	115 199	178 586	-	-	1 884	2 369 884
Chief Financial Officer	1 310 564	15 465	180 000	186 483	127 780	-	60 000	36 774	1 917 066
Chief Audit Executive - Internal audit	913 399	9 000	9 559	153 262	167 919	29 859	-	27 821	1 310 819
General Manager : Corporate Services	1 374 117	15 753	-	134 454	247 341	23 864	60 000	31 941	1 887 470
General Manager : Community services	1 373 593	17 418	82 680	134 454	187 495	18 676	60 000	19 010	1 893 326
General Manager : Infrastructure services	1 274 805	20 831	120 000	226 501	139 001	46 452	-	(54 365)	1 773 225
General Manager : Sustainable Development and City Enterprises	587 155	6 139	75 000	105 342	56 808	3 598	266 346	30 377	1 130 765
	<b>8 665 287</b>	<b>111 167</b>	<b>683 239</b>	<b>1 055 695</b>	<b>1 104 930</b>	<b>122 449</b>	<b>446 346</b>	<b>93 442</b>	<b>12 282 555</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 64. Events after the reporting date

The Executive Committee members of the ruling party subsequently resigned on 23 August 2019 with immediate effect. The members who resigned include the Mayor, Deputy Mayor, Speaker and the Chief Whip. The new Executive committee members were announced and are expected to take their oath of office on 29 August 2019.

The change does not have an impact on going concern.



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand 2019 2018

### 65. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

##### 2018

	Note	As previously reported	Correction of error	Re-classification	Restated
Accumulated surplus		(7 441 379 603)	705 802 400	-	(6 735 577 203)
Cash and cash equivalents		464 085 657	5 091 220	27 629 776	496 806 653
Consumer debtors	1	346 513 563	(759 175 418)	(5 382 484)	581 955 661
Inventories		76 793 052	-	272 748 814	349 541 866
Receivables from exchange transactions		28 319 045	(26 487 647)	44 942 381	46 773 779
Receivables from non exchange		36 514 653	(33 913 984)	-	2 600 669
Short term investment		8 981 927	-	(112 470)	8 869 457
Heritage assets		226 835 646	73 961	-	226 909 607
Intangible assets		41 752 452	10 102 456	-	51 854 908
Investment property		718 291 602	91 636 935	(68 913 537)	741 015 000
Property, plant and equipment	7	207 673 390	(22 275 304)	(203 835 277)	6 981 562 809
Other financial assets		9 944 611	(5 784 868)	504 547	4 664 290
Payables from exchange transactions		(945 647 956)	107 688 206	(38 205 670)	(876 165 420)
Provisions - current liability		(10 628 923)	(65 345 762)	8 281 376	(67 693 309)
Provisions - non current liability		(128 207 247)	-	65 884 089	(62 323 158)
VAT payable		(81 342 959)	(2 316 629)	-	(83 659 588)
Consumer deposits		(103 713 767)	(5 095 566)	-	(108 809 333)
Other financial liabilities - current		(84 512 317)	-	(29 376 080)	(113 888 397)
Employment benefit obligation - current		(25 880 067)	-	(10 628 923)	(36 508 990)
Employment benefit obligation - non current		(603 974 632)	-	(63 536 542)	(667 511 174)
		<b>740 418 127</b>	<b>-</b>	<b>-</b>	<b>740 418 127</b>

#### Accumulated surplus

As previously reported	(7 441 379 603)
Msunduzi debtor - correction 2017/18	(2 890 109)
Msunduzi debtor - correction 2016/17	(156 454)
VAT output correction - LG Seta grant	(141 420)
Correction of land (PPE)	(16 401 000)
Correction remainder of ERF1820 Edendale BB	47 254 555
Investment property - Fair value correction	(47 651 618)
Correction of land not owned by Msunduzi municipality	5 923 683
Recognition of Maritzburg country club	(54 000 000)
Correction of property, plant and equipment	121
Correction of accruals	(15 713 280)
Correction of financial asset	(1 597 824)
Correction of consumer debtor's interest	(7 743 718)
Reversal of market entries	1 750
Correction of consumer debtor's impairment	311 422 673
Correction of property, plant and equipment	(1 000)
Correction of Basfour	2 063 560
Correction of airport account	1 811 953
Correction of consumer deposits	(1 235 291)
Correction of payables	109 280
Correction of consumer debtors	(3 438 366)
Correction of other financial assets	1 411 968
Correction of SDL accrual	2 504 245
Recognition of co-owned properties	(4 547 640)
Recognition of Maritzburg golf course	(1 400 000)
Recognition of heritage assets - artworks	(73 961)

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>65. Prior period errors (continued)</b>		
Recognition of firearms		(671 441)
Derecognition of privately owned land		725 600
Derecognition of duplicated/relayed/non existant investment property		5 491 000
Correction of airport account		(114 238)
Correction of depreciation - remaining useful live		1 007 020
Recognition of assets found on the floor		(4 836 476)
Correction of unallocated deposits - private party jobs		(14 271 462)
Correction of EFT		(6 790 685)
Recognition of intangible assets		(10 356 887)
Correction of consumer deposits - market buyer's card		5 873 398
Consumer debtors - impairment correction		328 680 420
Correction of prescribed debt 2016/17		(4 187 966)
Correction of prescribed debt 2017/18		(640 138)
Correction of consumer debtors - interest on locked on locked accounts		(1 652 010)
Correction of consumer debtors - interest on locked accounts 2017/18		(401 888)
Correction of other financial assets - House selling scheme take on balance		(374 679)
Consumer debtors - correction of compound interest		542 851
Consumer debtors - correction of compound interest		16 046 259
Correction of receivables from exchange - merchandising, contracts and jobbing		457 459
Correction of SDL accrual		682 954
Correction of cashier's collections		(22 268)
Correction of EFT account incorrect matching 2016/17		23 322 715
Correction of house selling scheme - incorrect capitalisation of interest on take on		(2 529 887)
Correction of traffic fines impairment - understated in prior years		32 476 601
Correction of traffic fines impairment - understated in 2017/18		1 437 381
Raising litigation provision - not previously recognised in prior years		65 345 762
Impairment housing selling scheme		8 875 289
Impairment contributions 2017/18		46 175 609
<b>Restated</b>		<b>(6 735 577 203)</b>
<b>Cash and cash equivalents</b>		
As previously reported		464 085 657
Reclassification of creditors awaiting payment		72 447 300
Reclassification to receivables		(37 912 601)
Reversal of market entries		(1 750)
Correction of airport account		(1 697 715)
Correction of EFT		6 790 686
Reclassification to receivables		(6 904 924)
<b>Restated</b>		<b>496 806 653</b>
<b>Consumer debtors</b>		
As previously reported		1 346 513 563
Msunduzi debtor correction - 2017/18		2 890 109
Msunduzi debtor correction - 2016/17		156 454
Correction of interest on consumer debtors not raised in 2017/18		6 936 996
Correction of interest on consumer debtors not raised in 2017/18		806 722
Correction of revenue incorrectly recognised		(72 032 457)
Correction of consumer debtor's impairment		(311 422 673)
Correction of Bashfour		(2 063 559)
Reclassification of housing loan scheme debtors		(856 307)
Reclassification of decreasing credit balances in consumer debtors		(4 526 177)
Correction of consumer debtors		3 438 366
Correction of debt impairment		(328 680 419)
Correction of prescribed debt 2016/17		4 413 802
Correction of prescribed debt 2017/18		672 495
Correction of interest on consumer debtors		(14 535 210)
Correction of deposit not allocated due to incorrect reference		(3 020 318)
Correction of deposit not allocated due to incorrect reference - third pary		(560 115)

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>65. Prior period errors (continued)</b>		
Correction of consumer debtors impairment 2017/18		(46 175 611)
<b>Restated</b>		<b>581 955 661</b>
<b>Inventories</b>		
As previously reported		76 793 052
Reclassification from property, plant and equipment and investment property		272 748 814
<b>Restated</b>		<b>349 541 866</b>
<b>Receivables from exchange transactions</b>		
As previously reported		28 319 045
Reclassification of PAYE		12 386
Reallocation from cash and cash equivalents		37 912 601
Correction of SDL accrual		(2 504 245)
Reclassification from cash and cash equivalents		6 904 924
Interest on investment accrual		112 470
Correction of SDL accrual		(682 955)
Correction of cashier's collections		22 268
Correction of incorrect matching from 2016/17		(23 322 715)
<b>Restated</b>		<b>46 773 779</b>
<b>Investment property</b>		
As previously reported		718 291 602
Reclassification of Investment property land held for housing projects to land inventory		(37 973 536)
Fair value correction		47 651 619
Derecognition - land not owned by Msunduzi municipality		(5 923 685)
Recognition of Maritzburg country club		54 000 000
Recognition of Maritzburg golf club course		1 400 000
Derecognition of duplicates, relayed and non existant properties		(5 491 000)
Reclassification from Investment property to property, plant and equipment		(30 940 000)
<b>Restated</b>		<b>741 015 000</b>
<b>Property, plant and equipment</b>		
As previously reported		7 207 673 390
Correction of land previously incorrectly derecognised		16 400 000
Correction of Rem of Erf 1820 - derecognition of land not owned by the municipality		(47 254 555)
Reclassification of land held for housing projects to land inventory		(234 775 277)
Property, plant and equipment correction		(118)
Correction of land		2 000
Recognition of the municipality share of properties previously not recognised		4 547 640
Recognition of firearms previously not included in the FAR		671 441
Derecognition of privately owned properties		(725 600)
Depreciation correction - Review of useful life		(752 587)
Recognition of movable assets found on the floor but not on the FAR		4 836 475
Reclassification of properties from investment property to PPE		30 940 000
<b>Restated</b>		<b>6 981 562 809</b>
<b>VAT payable</b>		
As previously reported		(81 342 959)
VAT correction		141 420
Correction of accruals		(2 199 859)
Prescribed debt correction		(258 190)
<b>Restated</b>		<b>(83 659 588)</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>65. Prior period errors (continued)</b>		
<b>Other financial assets</b>		
As previously reported	9 944 611	
Reclassification from consumer debtors	856 307	
Interest previously not charged in 2017/18 year	1 597 824	
Correction house selling scheme balance	(1 411 968)	
Correction of take on balance	374 679	
Reclassification of housing selling scheme previously classified as payable	(351 760)	
Correction of interest incorrectly capitalised on take on	2 529 887	
Impairment of housing selling scheme	(8 875 290)	
<b>Restated</b>	<b>4 664 290</b>	
<b>Payables from exchange transactions</b>		
As previously reported	(945 647 956)	
Reclassification payments due to creditors	(72 447 300)	
Correction of prior year accruals	17 913 136	
Correction of revenue incorrectly recognised - unallocated deposits	72 032 455	
Reclassification PAYE	(12 389)	
Reclassification of credit balances in debtors	4 526 179	
Correction of accruals - Maritzburg sand	(109 281)	
Correction of unallocated deposits - private party jobs	14 271 461	
Reclassification of housing selling scheme previously classified as payable	351 760	
Correction consumers debtors - unallocated deposits due to incorrect reference	3 020 318	
Correction of deposits - unallocated due to incorrect reference	560 115	
Reallocation of DBSA payment from creditors due to non payment	(4 248 881)	
Reclassification DBSA loan payment from creditors	33 624 963	
<b>Restated</b>	<b>(876 165 420)</b>	
<b>Provisions - current liability</b>		
As previously reported	(10 628 923)	
Reclassification of current portion landfill site provision	(2 347 547)	
Reclassification of Long service awards to employee benefit obligation (correction of classification error)	10 628 923	
Raising litigation provision - not previously recognised in prior years	(65 345 762)	
<b>Restated</b>	<b>(67 693 309)</b>	
<b>Provisions - non current</b>		
As previously reported	(128 207 247)	
Reclassification of current portion landfill site provision	2 347 547	
Reclassification of Long service awards to employee benefit obligation (correction of classification error)	63 536 542	
<b>Restated</b>	<b>(62 323 158)</b>	
<b>Heritage assets</b>		
As previously reported	226 835 646	
Recognition of artworks	73 961	
<b>Restated</b>	<b>226 909 607</b>	
<b>Intangible assets</b>		
As previously reported	41 752 454	
Amortisation correction - review of useful live	(254 435)	
Recognition of assets invoices previously not capitalised	10 356 889	
<b>Restated</b>	<b>51 854 908</b>	
<b>Consumer deposits</b>		
As previously reported	103 713 767	

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>65. Prior period errors (continued)</b>		
Correction of consumer deposits		(1 235 291)
Correction of market buyer's cards		5 873 398
Allocation of funds paid by customers in 2017/18	-	457 459
		<b>108 809 333</b>
<b>Short term investment</b>		
As previously reported		8 981 927
Reclassification of interest accrual		(112 470)
		<b>8 869 457</b>
<b>Receivable from non exchange transactions</b>		
As previously reported		36 514 653
Adjustment of traffic fines impairment		(33 913 984)
		<b>2 600 669</b>
<b>Other financial liability- current</b>		
As previously reported		(84 512 317)
Reclassification of from payables		(29 376 080)
		<b>- (113 888 397)</b>
<b>Retirement benefit obligation - current liability</b>		
As previously reported		(25 880 067)
Reclassification of Long service awards to employee benefit obligation(correction of classification error)		(10 628 923)
		<b>- (36 508 990)</b>
<b>Retirement benefit obligation - non current liability</b>		
As previously reported		(603 974 632)
Reclassification of Long service awards to employee benefit obligation(correction of classification error)		(63 536 542)
		<b>(667 511 174)</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018			
65. Prior period errors (continued)					
Statement of Financial Performance					
2018					
	Note	As previously reported	Correction of error	Re-classification	Restated
Surplus/deficit for the year		10 465 596	(360 163 187)	-	(349 697 591)
Interest consumer debtors and receivables		192 218 488	9 743 428	-	201 961 916
Licences and permits		901 053	(2 439)	-	898 614
Operational revenue		68 509 952	(8 772 827)	-	59 737 125
Rendering of services		8 884 320	(4 494)	-	8 879 826
Sale of goods		433 499	(90)	-	433 409
Service charges		2 709 165 355	(246 805)	-	2 708 918 550
Property rates		863 739 575	424 431	-	864 164 006
Bad debts written off		(849 890)	-	849 890	-
Contracted services		(619 009 304)	(132 470)	1 789 855	(617 351 919)
Impairment loss/reversal of impairments		-	-	(3 728 760)	(3 728 760)
Employee related costs		(1 120 867 733)	(682 953)	(67 013 837)	(1 188 564 523)
Finance costs		(63 181 252)	-	1 741 829	(61 439 423)
Debt impairment		-	(376 262 710)	(350 124 283)	(726 386 993)
Operational cost		(112 122 833)	(32 010 346)	8 285 901	(135 847 278)
Transfers and subsidies		(25 890 640)	-	(1 119 298)	(27 009 938)
Operating leases		(42 112 234)	-	(436 800)	(42 549 034)
Inventory consumed		(69 227 304)	-	(59 882)	(69 287 186)
Fair value adjustment on investment property		9 538 690	47 651 617	-	57 190 307
Actuarial gain/loss		-	-	56 812 234	56 812 234
Impairment of consumer and traffic fines debtors		(349 274 392)	-	349 274 392	-
Impairment loss relating to non current assets		(3 728 759)	-	3 728 759	-
		1 457 592 187	(720 458 845)	-	737 133 342
Surplus/(deficit)					
As previously reported					10 465 596
Correction revenue					(471 733)
Correction of market					(6 976 365)
Correction of interest - Housing scheme					1 597 823
Correction of interest - Consumer debtors					7 743 716
Correction of Basfour					(2 063 560)
Correction of debt impairment					(328 680 420)
Correction of prescribed debt					640 137
Correction of interest on locked down account					401 890
Correction of fair value - Investment property					47 651 617
Correction of SDL accrual					(682 954)
Correction of litigation provision -contribution 2017/18					(32 702 698)
Correction of traffic fines debt impairment - 2017/18 issued tickets					(1 437 381)
Correction of consumer debtors impairment					(46 175 611)
Correction of litigation provision -contribution 2017/18					992 352
Restated deficit for the year					(349 697 591)
Licences and permits					
As previously reported					901 053
Correction of revenue					(2 439)
Restated					898 614
Operational revenue					
As previously reported					68 509 952
Correction of revenue					(2 200)

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>65. Prior period errors (continued)</b>		
Correction of market		(11 414 567)
Correction of market		4 438 201
Correction of Basfour		(2 063 559)
<b>Restated</b>		<b>59 467 827</b>
<b>Rendering of services</b>		
As previously reported		8 884 320
Correction of revenue		(4 494)
<b>Restated</b>		<b>8 879 826</b>
<b>Sale of goods</b>		
As previously reported		433 499
Correction of revenue		(90)
<b>Restated</b>		<b>433 409</b>
<b>Service charges</b>		
As previously reported		2 709 165 355
Operational revenue		(462 512)
Correction of prescribed debt		215 707
<b>Restated</b>		<b>2 708 918 550</b>
<b>Contracted services</b>		
As previously reported		(619 009 304)
Reclassification from sponsorship		1 119 299
Reclassification - refuse removal - (SMME)		436 800
Reclassification - inventory consumed and operational cost		147 182
Reclassification of catering to operational cost		86 575
Correction of grants expenditure		(132 471)
<b>Restated</b>		<b>(617 351 919)</b>
<b>Impairment loss/reversal of impairment</b>		
As previously reported		0
Reclassification to main expenditure		(3 728 759)
<b>Restated</b>		<b>(3 728 759)</b>
<b>Employee related</b>		
As previously reported		(1 120 867 733)
Reclassification of actuarial gain from employee related costs		(56 812 234)
Reclassification of SDL from operational costs		(8 801 167)
Reclassification of WCA from operational costs		(1 400 435)
Correction of SDL accrual		(682 954)
<b>Restated</b>		<b>(1 188 564 523)</b>
<b>Finance costs</b>		
As previously reported		(63 181 252)
Reclassification of provision interest cost		1 741 829
<b>Restated</b>		<b>(61 439 423)</b>
<b>Debt impairment</b>		
As previously reported		-
Reclassification of bad debts		(349 274 392)
Reclassification of bad debts		(849 891)
Correction of impairment - consumer debtors		(328 680 420)

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>65. Prior period errors (continued)</b>		
Correction of traffic fines debt impairment understated (2017/18)		(1 437 380)
Correction of customer account previously written off		30 702
Correction of impairment		(46 175 612)
<b>Restated</b>		<b>(726 386 993)</b>
<b>Transfers and subsidies</b>		
As previously reported		(25 890 640)
Reclassification from sponsorship		(1 119 298)
<b>Restated</b>		<b>(27 009 938)</b>
<b>Actuarial gains/losses</b>		
As previously reported		0
Reclassification of actuarial gain from employee related costs		56 812 234
<b>Restated</b>		<b>56 812 234</b>
<b>Impairment of consumer and traffic debtors</b>		
As previously reported		(349 274 392)
Reclassification to debt impairment		349 274 392
<b>Restated</b>		<b>-</b>
<b>Impairment loss relating to non current assets</b>		
As previously reported		(3 728 759)
Reclassification to impairment loss/reversal (main expenditure)		3 728 759
<b>Restated</b>		<b>-</b>
<b>Operational cost</b>		
As previously reported		(112 122 833)
Reclassification landfill provision interest		(1 741 828)
Reclassification of SDL		8 801 167
Reclassification OF WCA		1 400 437
Reclassification from contracted services		(87 300)
reclassification from contracted services		(86 575)
Litigation provision movement for 2017/18		(31 710 346)
Configuration of passing a credit note on debtor		(300 000)
<b>Restated</b>		<b>(135 847 278)</b>
<b>Property rates</b>		
As previously reported		863 739 575
Correction of prescribed debt		424 431
		<b>864 164 006</b>
<b>Interest - consumer debtors and receivables</b>		
As previously reported		192 218 488
Correction of interest - Housing scheme		1 597 823
Correction of interest - Consumer debtors		7 743 717
Correction of interest on locked down accounts		401 888
<b>Restated</b>		<b>201 961 916</b>
<b>Bad debts</b>		
As previously reported		849 890
Reclassification to debt impairment		(849 890)
<b>Restated</b>		<b>-</b>



# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018		
<b>65. Prior period errors (continued)</b>				
<b>Operating leases</b>				
As previously reported		(42 112 234)		
Reclassification refuse removal (SMME)		(436 800)		
		<b>(42 549 034)</b>		
<b>Inventory consumed</b>				
As previously reported		(69 227 304)		
Reclassification from contracted services		(59 882)		
		<b>(69 287 186)</b>		
<b>Fair value adjustment on investment property</b>				
As previously reported		9 538 690		
Fair value adjustment - 2017/18		47 651 617		
		<b>57 190 307</b>		
<b>Cash flow statement</b>				
<b>2018</b>				
	<b>Note</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
<b>Cash flow from operating activities</b>				
Sale of goods and services		3 360 564 252	262 642 918	3 623 207 170
Government grants and subsidies		928 344 709	73 523 626	1 001 868 335
Interest revenue		231 264 678	(192 330 958)	38 933 720
Employee costs		(1 120 867 733)	(140 570 267)	(1 261 438 000)
Suppliers		(2 860 152 703)	64 031 749	(2 796 120 954)
Finance costs		(63 181 252)	8 221 097	(54 960 155)
		<b>475 971 951</b>	<b>75 518 165</b>	<b>551 490 116</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment		(285 478 237)	(368 897 817)	(654 376 054)
Increase in capital work in progress		(314 575 311)	314 575 311	-
Decrease in short term investment		(182 570)	488 806	306 236
Purchase of intangible assets		(8 968 380)	-	(8 968 380)
Increase in other financial assets		-	(4 664 290)	(4 664 290)
Additions to living resources		(66 006)	-	(66 006)
		<b>(609 270 504)</b>	<b>(58 497 990)</b>	<b>(667 768 494)</b>
<b>Cash flow from financing activities</b>				
Repayment of other financial liabilities		(79 714 921)	18 032 955	(61 681 966)
Movement in consumer deposits		2 332 134	(2 332 134)	-
		<b>(77 382 787)</b>	<b>15 700 821</b>	<b>(61 681 966)</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 66. Change in estimate

#### Property, plant and equipment

GRAP 17: Property, plant and equipment requires that the review of the remaining useful life of an item of property, plant and equipment be conducted at least at each reporting period. The municipality performed this review as at 30 June 2019 and the following results were achieved:

Based on the condition assessment and utilisation of assets ascertained during the physical verification exercise, the remaining useful lives of assets were reviewed.

The impact of the adjustment is that depreciation charges on property, plant and equipment decreased by R23 960 455 (2018: R6 275 757).

It is impractical to determine the amount of the effect in future periods.

Depreciation before the review of useful life	(31 380 195)	(9 206 998)
Depreciation after the review of useful life	7 419 740	15 482 755
<b>Increase/decrease</b>	<b>(23 960 455)</b>	<b>6 275 757</b>

#### Property, Plant and Equipment - Landfill site provision

Landfill site provision is created to ensure that the municipality will be able to restore the landfill site to its original condition at the end of its life. The provision represents management's best estimate of the municipality's liability with regards to aforementioned restoration costs. The effect of the current year's revision was an increase of R4 738 227 due to change in discount factor and effect of re-measurement.

#### Retirement benefit obligation

The municipality provides post-employment medical benefits to certain staff members. The provision represents management's best estimate of the municipality's liability with regards to aforementioned post-employment medical benefits. The effect of the current year's revision is a decrease of R103 032 829 to R526 821 870 owing to the net effect of the actuarial gain, current service and interest costs for the reporting period ended 30 June 2019.

#### Leave accrual

The leave pay accrual is created to ensure adherence to SALGA collective agreement requirements. It states that at the end of a leave cycle, an employee may not have more than 48 days annual leave to their credit. The effect of this revision has increased the accrual from R90 230 250 to R 90 759 372.

#### Long service provision

In terms of the SALGA conditions of service collective agreement, employees qualify for long service leave upon completion of specified periods in the agreement. The provision was created to comply with the agreement. The effect of the current year's revision is a decrease by R2 707 925 to R71 457 540 attributed to the net effect of the actuarial gain, benefits vesting, current service, past service and interest costs for the reporting period ended 30 June 2019.

### 67. Irregular expenditure

Opening balance	296 458 723	163 948 762
Prior period error	20 901 042	449 015
Less: Amounts not recoverable (not condoned)	317 359 765	164 397 777
Add : irregular expenditure - relating to current year	80 469 397	132 509 961
<b>Restated balance</b>	<b>397 829 162</b>	<b>296 907 738</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>67. Irregular expenditure (continued)</b>		
<b>Analysis of expenditure awaiting condonation per age classification</b>		
2008/2009	4 077 827	4 077 827
2009/2010	5 458 355	5 458 355
2010/2011	3 551 576	3 551 576
2011/2012	38 200	38 200
2013/2014	11 000	11 000
2014/2015	708 444	708 444
2016/2017	150 552 375	150 552 375
2017/2018	152 961 988	132 509 961
2018/2019	80 469 397	-
	<b>397 829 162</b>	<b>296 907 738</b>

Irregular expenditure has not been written off or condoned.

Section 32(4) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed.

In the case of irregular and fruitless and wasteful expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council, hence there were no movement between financial years 2008/2009 to 2017/2018 as the investigations are still open and as soon as they are closed Council will write off or condone this expenditure.

### Details of irregular expenditure – current year

	-	
Bids not advertised within 30 days	9 781 311	30 536 804
CIDB registration	-	578 100
Security contract as per SIU preliminary irregularity	67 035 851	111 687 453
Service of the state	-	44 500
Service of the municipality	-	37 500
Invalid deviations	3 108 022	9 468 899
Expired contract	544 213	608 733
	<b>80 469 397</b>	<b>152 961 989</b>

### 68. Comparative figures

Certain comparative figures have been reclassified and restated.

### 69. Fruitless and wasteful expenditure

Opening balance	27 051 662	16 080 807
Current fruitless and wasteful expenditure	2 570 170	10 970 855
<b>Fruitless and wasteful expenditure awaiting write off/recovery</b>	<b>29 621 832</b>	<b>27 051 662</b>

### Details of current year fruitless and wasteful expenditure

Cancellation of tenders	325 648	113 363
Interest on late payment - Eskom accounts	4 060	1 872
Interest and penalties on late payment - SARS	55 900	-
Interest on late payment - Telkom accounts	32 044	634
Office of the Auditor General	847	-
Salaries and wages for suspended employees with unresolved cases within prescribed time frame	2 151 671	10 854 986
	<b>2 570 170</b>	<b>10 970 855</b>

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 69. Fruitless and wasteful expenditure (continued)

A system has been put in place to stream-line the payment process to ensure non occurrence of interest costs. Staff have been advised on possible recovery of costs due to negligence.

### 70. Unauthorised expenditure

Opening balance	100 550 099	361 222 670
Reversal of bad debts written off	-	(258 909 012)
Recovery from supplier	-	(1 763 559)
Expenditure identified - current year	425 446 392	-
<b>Closing balance</b>	<b>525 996 491</b>	<b>100 550 099</b>

The over - expenditure incurred by the municipal departments is attributable to the following categories:

Non cash	525 996 491	100 550 099
Cash		-
	<b>396 170 152</b>	<b>100 550 099</b>

### Analysed as follows : non cash

Debt impairment	525 996 491	100 550 099
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### 71. Electricity and water losses

#### Electricity losses

Units purchased - kWh	1 786 351 025	1 784 678 530
Units sold - kWh	(1 539 636 960)	(1 511 945 987)

<b>Loss - kWh</b>	<b>246 714 065</b>	<b>272 732 542</b>
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Electricity loss as a percentage	14,00	15,30
Costs per kWh in cents	0,99848	0,94196
Electricity losses in rand value	246 338 468	256 903 790

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 71. Electricity and water losses (continued)

The significant electricity losses of kWh 246 714 065 (2018 : 272 732 542 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

**The slight decrease of losses from previous financial year may be as a result of the following**

- 1) Commissioning of the City Grid 132kV underground cables network that replaced the ageing 33kV networks - Commissioning of new 40MVA Power Transformers.
- 2) The commissioning of new Electrification Project in the Informal Settlements areas resulting in the reduced illegal connections in the network.

The acceptable norm of electricity loss is between 7% and 10% as per MFMA circular 71 dated January 2014.

**Some of the main contributing factors to increased electricity losses are:**

Non – Technical Losses

- 1) Illegal connections.
- 2) Infrastructure vandalism.
- 3) Metering inaccuracies (due to faulty meters).
- 4) Unmetered energy (meter tempering or bypassing the meter at the customer meter).

Technical losses (these are inherent in the distribution networks and cannot be eliminated):

- 1) Ageing infrastructure that results in increased power dissipation during transmission and distribution on lines, cables and transformers in the system.
- 2) Overloading.
- 3) Poor standard of equipment installed.

#### **How are these losses being addressed**

Non - technical losses

A plan to audit all the bulk (medium and low voltage) installations technically has been developed, A plan/program of disconnecting the illegal connections (Human settlement to resolve the land issues) is ongoing, Customers that do not pay their Consolidated Bill timeously are disconnected, Electrification of informal settlement areas, A plan to convert all the manually read meters to on-line meter reading from 100 Amps low voltage up bulk 11 kV has been developed, Eradication plan of t-joints, mid-block, looped services etc. in progress, The plan to replacement of faulty meters and inaccurate meters has been developed and replacement is in progress, replacement of old wooden substation doors with steel doors to prevent easy access to substations. Regular property inspections to identify bypassed/tampered installations.

Technical losses

- 1) The slight decrease of losses from previous financial years may be as a result of the following -Commissioning of the City Grid 132kV underground cables network that replaced the ageing 33kV networks -Commissioning of new 40MVA Power Transformers and also the commissioning of new Electrification Project in the Informal Settlements areas resulting in the reduced illegal connections in the network.
- 2) Refurbishment of the aged infrastructure, conduct system strengthening in the networks to relieve overloading in the networks and purchasing and installation of efficient equipment.
- 3) Establishment of Quality supply unit.

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 71. Electricity and water losses (continued)

	2019	2018
<b>Water losses</b>		
Units purchased (kl)	71 425 786	68 467 170
Units sold (kl)	(50 828 232)	(48 392 496)
Real losses (kl)	15 242 190	14 855 259
Apparent losses	5 355 364	5 219 415
<b>Total water losses (kl)</b>	<b>20 597 554</b>	<b>20 074 674</b>
Water loss as a percentage	28,80	29,30
Cost per kl in cents	7,814	6,910
Water loss in rand value	160 949 287	138 715 997

MFMA circular dictates that real losses and apparent losses be considered jointly as total water losses.

A material water loss of R160 949 287 (2018: R138 715 997) occurred during the year under review.

Progressive deterioration, aging and increasing levels of fragility in the bulk water infrastructure is progressively contributing to increase in water losses.

### Non-water initiatives undertaken for the duration of the 2018/2019 financial

- 1) The hydraulic model for the entire Vulindlela system was completed.
- 2) Two contracts for water main replacement was advertised in the 2018/19 financial year.
- 3) Reactively responded to and repaired 1781 mainline burst pipes in the 2018/19 financial year.
- 4) The review of the non-revenue water master plan commenced in the 2018/19 financial year.

### 72. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<b>At 30 June 2019</b>				
Borrowings	114 310 751	80 973 541	285 317 996	480 602 288
<b>At 30 June 2018</b>				
Borrowings	113 891 401	400 915 552	50 310 652	565 117 605

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 72. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise mainly water, sanitation, refuse, rates, property rental, electricity and other service chargers, dispersed across different industries and geographical areas. Management evaluated credit risk relating to customers financial conditions on an ongoing basis, and have been presented in these financial statements net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The carrying amount of financial assets recorded in the financial statements that represent the municipality's maximum exposure to credit risk obtained is as follows:

#### Market risk

##### Risk from agricultural assets

The municipality is exposed to financial risks arising from changes in timber prices. The municipality does not anticipate that the timber prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in milk prices. The municipality reviews its outlook for timber prices regularly in considering the need for active financial risk management.

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.

### 73. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Provincial Executive Council of KwaZulu-Natal and MEC for Department of Co-operative Governance and Traditional Affairs, resolved to intervene in terms of Section 139 (1) (b) of the Constitution at the municipality and appointed the Ministerial representative. The appointment became effective on 15 April 2019 and will terminate on 14 April 2020. The terms of reference specified the functions of the Ministerial representative which also include the implementation of governance systems and procedures including oversight of the administration including the ratification of decisions taken by the Municipal Council, the Executive Committee, Municipal Manager and Section 56 Managers in terms of the authority.

The Provincial intervention does not have an impact on the municipality's ability to continue as a going concern.

### 74. Financial instruments disclosure

#### Categories of financial instruments

##### 2019

#### Financial assets

# Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 74. Financial instruments disclosure (continued)

	At amortised cost	Total
Short term investment	15 674 518	15 674 518
Receivables from exchange transactions	19 270 247	19 270 247
Receivables from non exchange transactions	2 568 619	2 568 619
Consumer debtors	429 540 996	429 540 996
Cash and cash equivalents	290 798 028	290 798 028
Other financial assets	2 642 997	2 642 997
	<b>760 495 405</b>	<b>760 495 405</b>

### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	892 614 036	892 614 036
Consumer deposits	107 229 302	107 229 302
Unspent conditional grants	127 958 878	127 958 878
Other financial liabilities	114 310 751	114 310 751
	<b>1 242 112 967</b>	<b>1 242 112 967</b>

### 2018

### Financial assets

	At amortised cost	Total
Short term investment	8 869 457	8 869 457
Receivable from exchange transactions	19 270 247	19 270 247
Receivable from non exchange transactions	2 600 669	2 600 669
Consumer debtors	581 955 661	581 955 661
Cash and cash equivalents	496 806 653	496 806 653
	<b>1 109 502 687</b>	<b>1 109 502 687</b>

### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	876 165 420	876 165 420
Consumer deposits	108 809 333	108 809 333
Unspent conditional grants	122 349 562	122 349 562
Other financial liabilities	113 888 397	113 888 397
	<b>1 221 212 712</b>	<b>1 221 212 712</b>



**Notes to the Annual Financial Statements**

Figures in Rand

**72. Variance analysis comparison of budget against actual**

Reasons are only provided for variances above 10%.

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2019	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and budget - R	Difference between current year actual and budget - %	Explanation for significant fluctuations
<b>Classes of revenue</b>							
Agency Services	0	543 380	543 380	1 970 390	1 427 010	263%	This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible.
Interest - consumer debtors and receivables	118 141 277	64 631 851	182 773 128	218 926 060	36 152 932	20%	The drastic increase in debtors resulted in the drastic increase in interest
Interest received - bank, call and investments accounts	39 866 400	-13 009 315	26 857 085	20 378 755	-6 478 330	-24%	This item is subject to fluctuating interest rates offered by financial institution
Licences & Permits	100 067	910 648	1 010 715	829 644	-181 071	-18%	This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible.
Operational revenue	165 019 057	-20 994 812	144 024 245	55 087 695	-88 936 550	-62%	This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible. Unfortunately the municipality's estimates didn't materialise.
Rental of facilities and equipment	35 220 144	-8 968 634	26 251 510	20 617 910	-5 633 600	-0	Revenue on this item is dependent on usage of council facilities. At the end of the year, usage was a little higher than anticipated.
<b>Classes of expenditure</b>							
Transfers and subsidies	57 139 566	-14 647 322	42 492 244	26 090 875	-16 401 369	-0	This variance is due to cost containment measures that the municipality introduced during the year. Cost Containment discouraged expenditure on things like sponsorships and donations
Operating costs	209 226 737	-18 832 852	190 393 885	123 679 880	-66 714 005	-0	This variance is due to cost containment measures that the municipality introduced during the year.
Inventories losses/ write-downs	0	0	0	-5 221 045	-5 221 045	1	This item was not budgeted for at all as no revenue was anticipated in this regard.
Loss on disposal of assets	0	22 000 000	22 000 000	2 876 825	-19 123 175	-1	Loss on disposal of assets has been less than anticipated
Fair value adjustments on investment property	0	0	0	-38 630 000	-38 630 000		This item was not budgeted for at all as no revenue was anticipated in this regard.
<b>Classes of capital expenditure</b>							
Capital expenditure	488 582 157	571 382 146	42 082 338	613 464 484	124 882 327	0	The municipality spent less on capital projects than anticipated.



## APPENDIX A

	COST/VALUATION										ACCUMULATED DEPRECIATION					Accumulated Impairment			Carrying Value	
	Cost 01/07/2018	Valuation 01/07/2018	AUC 01/07/2018	Cost/Valuation as at 30/06/2019	Additions	Fair value gains/ (losses)	Transfers/ Adjustments	Additions AUC	Disposals	Balance 30/06/2019	01/07/2018	Depreciation 2018/19	Disposals	Adjustments/ Transfers	Balance 30/06/2019	Balance 01/07/2018	Impairment 2018/19	Balance 30/06/2019		
Total Stormwater	597 985 406	0	349 483	598 334 889	26 849 353	0	35 168 473	3 563 787	0	664 935 502	-148 734 688	15 964 477	-	-	164 701 166	-	-	-	500 215 336	
Railway Lines	1 449 377	0	0	1 449 377	0	0	-178 666	0	0	1 270 711	-2 176 310	135 930	-	175 296	2 136 944	-	-	-	1 133 767	
Total Railway Lines	1 449 377	0	0	1 449 377	0	0	-178 666	0	0	1 270 711	-2 176 310	135 930	-	175 296	2 136 944	-	-	-	1 133 767	
GARDEN REFUSE	3 126 784		668 500	3 795 284	0	0	-135 000	0	0	3 660 284	-1 376 598	88 922	-	-	1 465 520	-	140 171	-	2 054 593	
LANDFILL SITE	8 075 607		0	8 075 607	0	0	0	0	0	8 075 607	-2 203 887	232 411	-	-	2 436 298	-	-	-	5 639 309	
SORTING STATIONS	538 741		0	538 741	0	0	0	0	0	538 741	-19 007	8 849	-	-	28 946	-	-	-	509 795	
Total Solid Waste	11 741 132	0	668 500	12 409 632	0	0	-135 000	0	0	12 274 632	-3 599 582	331 182	-	-	3 930 763	-	140 171	-	8 203 698	
Total Infrastructure	6 315 754 105	0	1 099 646 394	7 415 400 499	172 580 098	0	-7 866 198	213 548 364	0	7 793 642 762	-2 525 568 245	330 765 108	-	15 065 016	2 841 268 337	-	66 846 670	3 120 676	69 967 347	4 882 427 079
Assets Under Construction																				
W.I.P. - Project																				
W.I.P. - Movable Assets	0			0																
Community	0	0	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	-
CEMETERIES	934 821		871 826	1 806 647	0	0	0	0	0	1 806 647	-281 069	23 142	-	-	304 211	-	1 267	-	1 267	1 501 589
CIVIL THEATRES	13 733 672		0	13 733 672	0	0	0	0	0	13 733 672	-10 927 074	440 410	-	-	11 367 485	-	-	-	-	2 366 587
CLINICS	29 442 063		0	29 442 063	0	0	0	0	0	29 442 063	-15 126 932	679 252	-	-	15 806 184	-	-	-	-	13 635 879
COMMUNITY CENTRES	93 024 028		149 130	93 173 158	1 598 609	0	1 962 605	2 701 093	0	99 435 445	-49 209 945	3 777 481	-	-	52 987 426	-	864 945	127	865 072	45 582 947
FIRE STATIONS	23 464 095		0	23 464 095	0	0	0	0	0	23 464 095	-13 055 356	864 817	-	-	14 520 173	-	-	-	-	8 943 922
LIBRARIES	87 122 638		9 503 117	96 625 755	0	0	-1 265 522	-8 973	0	95 350 240	-44 641 702	2 375 364	-	15 388	47 001 731	-	-	-	-	48 348 507
PARKS	3 846 887		1 427 882	5 274 768	0	0	0	0	0	5 274 768	-3 254 938	96 503	-	-	2 451 441	-	-	-	-	2 823 327
PUBLIC CONVENIENCES	32 537 327		0	32 537 327	0	0	0	247 877	0	32 585 204	-16 779 815	1 561 582	-	-	18 341 398	-	-	-	-	14 243 807
STADIUMS	83 047 476		3 224 751	86 272 227	0	0	-85 128	-1 138 622	0	83 047 476	-50 971 329	3 946 983	-	18	54 938 295	-	-	570 208	-	27 558 674
BIER HALLS	7 589 461		7 589 461	0	0	0	-1 962 605	15 693 931	0	21 320 787	0	-	-	-	-	-	-	-	-	21 320 787
Total Community Buildings	366 932 987	0	22 736 147	389 719 134	1 598 609	0	-1 302 651	15 495 306	0	401 460 398	-303 948 215	13 765 535	-	15 406	217 698 345	-	1 436 420	127	1 436 547	186 325 306
CEMETERIES	5 616 444		4 467 943	10 084 387	0	0	0	0	0	10 084 387	-2 756 854	90 530	-	-	2 847 381	-	14 858	-	14 858	7 222 346
PARKS	16 186 190		2 708 146	18 894 336	0	0	-4 134	0	0	18 890 202	-8 052 541	386 572	-	7 247	8 431 866	-	42 624	-	42 624	10 415 712
SPORT FACILITIES	46 519 646		20 572 466	67 092 112	6 284 018	0	162 391	4 560 735	0	78 099 255	-16 089 879	1 968 898	-	215	18 658 562	-	473 483	1 224	474 657	58 966 016
SPORT GROUNDS	214 523 363		890 982	215 414 346	0	0	-111 184	0	0	215 303 161	-56 896 966	7 894 233	-	68 536	64 722 663	-	535 902	-	535 902	150 044 596
SWIMMING POOLS	42 426 727		12 519 112	54 945 839	0	0	0	1 389 765	0	56 335 604	-19 387 116	1 434 219	-	-	20 821 336	-	83 724	-	83 724	35 430 545
Total Community Recreational Facilities	325 272 369	0	41 158 650	366 431 019	6 284 018	0	47 073	5 950 500	0	378 712 610	-103 783 307	11 774 452	-	75 998	115 481 810	-	1 150 541	1 224	1 151 765	262 079 035
Total Community	692 235 356	0	63 924 797	756 159 153	7 882 627	0	-1 305 578	21 445 806	0	784 173 008	-307 731 572	25 639 587	-	91 404	333 180 155	-	2 586 961	1 351	2 588 312	448 404 541
Other Assets																				
AIRPORT BUILDINGS	13 980 560		0	13 980 560	0	0	0	0	0	13 980 560	-5 358 109	708 615	-	-	6 066 724	-	5 494	-	5 494	7 908 341
CHURCHES	15 717 655		0	15 717 655	0	0	0	0	0	15 717 655	-7 176 460	640 106	-	-	7 816 575	-	-	-	-	7 901 079
CINEMATHEQUES	7 004 221		0	7 004 221	0	0	0	0	0	7 004 221	-4 113 927	575 581	-	-	4 689 508	-	-	-	-	2 314 713
HOSTELS	1 557 492		0	1 557 492	0	0	0	0	0	1 557 492	-1 047 040	36 354	-	-	1 083 404	-	55 337	-	55 337	418 751
HOUSING SCHEMES	82 335 206		19 473 420	101 808 626	0	0	0	32 135 091	0	133 943 717	-48 942 641	2 941 139	-	-	51 883 781	-	-	-	-	82 059 937
LANDFILL SITE	49 488 264		12 072 244	61 560 508	2 390 680	0	0	512 490	0	64 463 678	-21 145 832	3 923 409	-	-	25 009 281	-	13 482	-	13 482	39 380 915
MARKETS	236 963 857		5 394 754	242 358 611	0	0	-1 841 873	-31 102	0	240 485 636	-145 600 284	8 598 570	-	3 312	154 262 166	-	6 226	-	6 226	86 217 244
NURSERIES	10 835 503		0	10 835 503	0	0	0	0	0	10 835 503	-7 112 010	383 212	-	-	7 495 222	-	-	-	-	3 340 281
OLD AGE HOMES	924 086		0	924 086	0	0	0	0	0	924 086	-646 738	29 702	-	-	676 460	-	-	-	-	247 626
SEWERAGE WORKS AND DUMPSTES	796 654		0	796 654	0	0	0	0	0	796 654	-615 475	7 797	-	-	623 272	-	-	-	-	173 381
TRAINING CENTRE	4 298 468		0	4 298 468	0	0	0	0	0	4 298 468	-2 534 404	131 646	-	-	2 666 050	-	-	-	-	1 632 419
TRANSPORT FACILITIES	39 643 672		3 015 902	42 659 574	1 313 250	0	1 321 934	671 980	0	45 966 737	-20 737 188	2 430 292	-	-	23 167 490	-	280	-	280	22 798 967
WORKSHOPS AND DEPOTS	31 508 703		0	31 508 703	0	0	0	914 071	0	32 422 774	-19 947 784	976 280	-	-	20 924 064	-	-	-	-	11 498 710
Total Other Properties	495 054 341	0	39 956 320	535 010 661	3 703 930	0	-519 939	34 202 529	0	572 397 181	-265 097 931	21 382 753	-	3 312	396 423 996	-	80 820	-	80 820	265 892 395
COMPRESSORS	288 671		0	288 671	0	0	2 974	0	0	291 546	-46 388	50 636	-	-	5 966	91 099	-	22	22	200 465
FIREARMS	640 484		0	640 484	902 083	0	1 120 088	0	-3 553	2 659 122	-279 206	443 306	3 434	446 548	1 167 725	-	17 859	-	17 859	1 473 518



## APPENDIX A

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MSUNDUZI LOCAL MUNICIPALITY  
SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 June 2019

DESCRIPTION	HISTORICAL COSTS							ACCUMULATED DEPRECIATION AND IMPAIRMENTS						NET BOOK VALUE
	OPENING BALANCE	ADDITIONS/ UNDER CONSTRUCTION	ADJUSTMENTS/ TRANSFERS	REVALUATION	DISPOSALS	DONATED ASSETS	CLOSING BALANCE	OPENING BALANCE	CURRENT YEAR DEPRECIATION	DEPRECIATION ADJUSTMENT	DEPRECIATION DISPOSALS	CURRENT YEAR IMPAIRMENT	CLOSING BALANCE	
Executive and Council	29 042 650	250 954	1 252 869	547 000			31 093 473	-9 428 473	-2 403 927	711 024	-	-28 523	-11 149 899	19 943 575
Community and Social Services	640 152 669	22 545 620	-12 837 420	44 796 999	-737	-	694 657 131	-215 298 686	-16 499 685	12 671 962	171	-44 897	-219 171 135	475 485 996
Electricity	1 897 925 864	53 203 879	-1 294 483	-	-43 822	-	1 949 791 438	-603 944 565	-92 776 331	1 612 576	43 789	-49 640	-695 114 171	1 254 677 267
Environmental Protection	4 130 770	1 328 815	-103 451	-		-	5 356 133	-2 222 431	-534 130	222 185		-3 594	-2 537 970	2 818 163
Finance and Administration	1 859 856 309	10 551 059	-239 584 382	-	-13 653 703	-	1 617 169 282	-447 582 415	-52 364 821	17 342 880	13 422 447	-2 295 374	-471 477 283	1 145 691 999
Housing	906 159 781	44 151 220	5 274 251	-	-103 811	-	955 481 440	-65 858 855	-6 372 181	137 748	47 618	-2 735	-72 048 405	883 433 036
Other	415 543 846	20 055 321	-1 754 412	-		-	433 844 756	-190 198 495	-15 070 368	-358 741		-12 678	-205 640 282	228 204 474
Planning and Development	170 545 503	12 435 377	-14 279 396	-	-1 614	-	168 699 870	-13 134 206	-2 787 089	725 684	188	-32 328	-15 227 751	153 472 119
Public Safety	64 196 085	107 106	-13 654 330	-	-387 078	-	50 261 783	-30 412 135	-2 236 362	8 351 640	320 974	-37 173	-24 013 058	26 248 725
Road Transport	3 621 304 233	218 533 605	-4 976 962	-	-834 858	-	3 834 026 018	-1 382 058 118	-154 790 127	3 042 612	825 200	-36 791	-1 533 017 225	2 301 008 794
Sport and Recreation	537 364 902	8 377 047	-11 492 739	102 500	-722 897	-	533 628 813	-193 531 683	-18 858 340	6 118 272	709 303	-26 775	-205 589 223	328 039 590
Waste Management/Solid Waste	107 447 877	7 936 903	-477 179	-		-	114 907 600	-27 931 344	-7 380 173	54 628		-2 346	-35 259 235	79 648 365
Waste Water Management	643 101 923	37 025 745	-342 862	-	-8 121	-	679 776 685	-174 796 387	-19 648 571	356 563	8 067	-29 629	-194 109 958	485 666 727
Water	1 161 538 532	77 331 643	-938 919	55 000	-441	-	1 237 985 815	-442 596 892	-62 962 873	1 295 663	155	-3 117 269	-507 381 217	730 604 598
TOTALS	12 058 310 943	513 834 292	-293 509 416	45 501 499	-15 757 081	-	12 306 680 238	-3 798 994 686	-454 684 979	52 284 696	15 377 910	-5 719 753	-4 191 736 812	8 114 943 427

**MSUNDUZI LOCAL MUNICIPALITY**

**APPENDIX C**

**ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS ) FOR THE YEAR ENDED 30 JUNE 2019**

Description		2019 Budget R	2019 Actual R	2019 Assets Under Construction R	2019 Additions R	2019 Variance R	2019 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council		3 631 065	237 477	0	250 954	3 393 588	93%	
Finance and Administration		36 335 782	24 327 754	1 484 259	14 560 681	12 008 028	33%	
Planning and Development		41 555 723	18 177 110	7 882 362	4 544 042	23 378 613	56%	
Public Safety		7 143 083	3 468 149	0	107 106	3 674 934	51%	
Community and Social Services		7 106 000	2 130 553	18 508 020	4 046 573	4 975 447	70%	
Health		1 624 295	1 347 134	0	0	277 161	17%	
Sport and Recreation		11 758 226	8 216 649	1 590 598	6 766 518	3 541 577	30%	
Road Transport		272 145 270	219 002 398	136 875 418	81 658 187	53 142 872	20%	
Water		75 391 016	77 975 193	67 087 930	10 243 713	-2 584 177	-3%	
Waste Water Management		44 301 896	37 025 745	36 616 950	408 795	7 276 151	16%	
Electricity		56 636 360	53 203 879	35 103 175	12 718 823	3 432 481	6%	
Housing		50 030 278	33 291 606	32 135 091	1 182 511	16 738 672	33%	
Other		4 980 425	4 632 288	535 250	3 683 861	348 137	7%	
Environment Protection/Solid Waste		825 065	5 546 223	512 490	8 753 228	-4 721 158	0%	
<b>TOTALS</b>		<b>613 464 484</b>	<b>488 582 157</b>	<b>338 331 543</b>	<b>148 924 990</b>	<b>124 882 327</b>	<b>20%</b>	

NOTE : Total additions included donated assets

## MSUNDUZI LOCAL MUNICIPALITY

## APPENDIX D

## DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2019

General Ledger account number	Account Description	Unspent balance @ 01 July 2018	Transfers to income	Prior year expenditure recovered from current year allocation	Inter project	Funds paid back to National Treasury	Refund to grant provider	VAT recovered from NT grants	Current year interest earned	Current year receipts	Unspent balance @ 30 06 2019	Source Code
1791003000	GRANTS-CP-NT-NDPG	-603 783	424 938	-	-	603 783	-	646 617	-	-14 900 000	-13 828 445	UNSPENT CG - NATIONAL GOVERNMENT
1791007000	GRANTS-CP-NT-WSIG	-	42 573 341	-	-	-	-	186 659	-	-42 760 000	-	UNSPENT CG - NATIONAL GOVERNMENT
1791201000	GRANTS-OP-NT-EPWP	-	2 890 000	-	-	-	-	-	-	-2 890 000	-	UNSPENT CG - NATIONAL GOVERNMENT
1791203000	GRANTS-OP-NT-FMG	-	1 562 054	-	-	-	-	137 946	-	-1 700 000	-	UNSPENT CG - NATIONAL GOVERNMENT
1791004000	GRANTS-CP-NT-PTCG	-11 506 487	138 195 535	-	-7 979 615	11 506 487	-	20 115 080	-	-150 331 000	-0	UNSPENT CG - NATIONAL GOVERNMENT
1791206000	GRANTS-OP-NT-PTCG	-14 638 777	30 374 809	7 096 415	7 979 615	14 638 777	-	3 322 161	-	-48 773 000	-	UNSPENT CG - NATIONAL GOVERNMENT
1791001000	GRANTS-CP-NT-MIG	-6 865 803	139 493 069	-	-	6 865 803	-	20 282 182	-	-175 256 120	-15 480 869	UNSPENT CG - NATIONAL GOVERNMENT
1791209000	GRANTS-OP-NT-MIG	-	16 179 882	-	-	-	-	1 880 198	-	-18 059 880	-	UNSPENT CG - NATIONAL GOVERNMENT
		<b>-33 614 850</b>	<b>371 693 429</b>	<b>7 096 415</b>	<b>-</b>	<b>33 614 849</b>	<b>-</b>	<b>46 570 842</b>	<b>-</b>	<b>-454 670 000</b>	<b>-29 309 314</b>	
1791316000	GRANTS-OP-KZ-DEV OF	-715 102	650 000	-	-	-	86 311	-	-21 209	-	0	UNSPENT CG - PROVINCIAL GOVERNMENT
1791113000	GRANTS-CP-KZ-P/HOUSE	-3 108	-	-	3 191	-	-	-	-84	-	-0	UNSPENT CG - PROVINCIAL GOVERNMENT
1791304000	GRANTS-CP-KZ-S/LIGHT	-4 877	-	-	5 009	-	-	-	-132	-	-0	UNSPENT CG - PROVINCIAL GOVERNMENT
1791111000	GRANTS-CP-KZ-MARKET	-925 534	446 650	-	347 202	-	-	-	-35 502	-	-167 184	UNSPENT CG - PROVINCIAL GOVERNMENT
1791319000	GRANTS-OP-KZN-DOHS-ORIBI VILLAGE	-689 836	689 836	-	-	-	-	-	-	-	-	UNSPENT CG - PROVINCIAL GOVERNMENT
1791320000	GRANTS-OP-KZN-DOHS-BENEFIT AUDIT/TRANSFER	-9 602 390	3 328 710	-	-	-	-	-	-584 948	-	-6 858 629	UNSPENT CG - PROVINCIAL GOVERNMENT
1791321000	GRANTS-OP-KZN-DOHS-MILITARY VETERANS	-8 624 156	-	-	-	-	-	-	-	-	-8 624 156	UNSPENT CG - PROVINCIAL GOVERNMENT
1791118000	GRANTS-CP-KZ-DOHS - JIKA JOE	-	27 087 046	-	-	-	-	-	-	-37 602 972	-10 515 927	UNSPENT CG - PROVINCIAL GOVERNMENT
1791322000	GRANTS-OP-KZ-DOHS - TITLE DEED RESTORATION	-	-	-	-	-	-	-	-	-8 965 991	-8 965 991	UNSPENT CG - PROVINCIAL GOVERNMENT
1791307000	GRANTS-OP-KZ-TAG	-12 179	666 982	-	-307 279	-	-	-	-24 481	-385 000	-61 958	UNSPENT CG - PROVINCIAL GOVERNMENT
1791106000	GRANTS-CP-KZ-TAG	-707 279	18 319	-	307 279	-	-	-	-37 503	-56 000	-475 184	UNSPENT CG - PROVINCIAL GOVERNMENT
1791303000	GRANTS-OP-KZ-GEVDI	-5 528 936	5 489 801	-	94 025	-	-	-	-315 125	-	-260 234	UNSPENT CG - PROVINCIAL GOVERNMENT
1791102000	GRANTS-CP-KZ-GEVDI	-9 329 488	10 129 662	-	-94 025	-	-	-	-706 149	-	-0	UNSPENT CG - PROVINCIAL GOVERNMENT
1791105000	GRANTS-CP-KZ-LIBRARY	-298 570	2 112 234	-	-	-	-	-	-202 213	-6 650 000	-5 038 548	UNSPENT CG - PROVINCIAL GOVERNMENT
1791306000	GRANTS-OP-KZ-LIBRARY	-512 927	11 220 020	-	-	-	-	-	-631 707	-12 909 000	-2 833 614	UNSPENT CG - PROVINCIAL GOVERNMENT
1791107000	GRANTS-CP-KZ-ACCRED	-4 500 558	1 157 486	-	-	-	-	-	-571 212	-7 855 968	-11 770 252	UNSPENT CG - PROVINCIAL GOVERNMENT
1791305000	GRANTS-OP-KZ-ACCRED	-31 900 495	9 346 841	-	-	-	-	-	-2 127 507	-5 740 818	-30 421 979	UNSPENT CG - PROVINCIAL GOVERNMENT
1791116000	GRANTS-CP-KZ-MANAYE	-3 919 048	1 852 832	-	-347 202	-	-	-	-255 226	-	-2 668 643	UNSPENT CG - PROVINCIAL GOVERNMENT
1791314000	GRANTS-OP-KZ-MANAYE	-235 639	205 442	-	-8 200	-	-	-	-12 175	-	-50 572	UNSPENT CG - PROVINCIAL GOVERNMENT
1791117000	GRANTS-CP-KZ-YOUTH	-8 184 361	492 694	-	-	-	-	-	-499 939	-	-8 191 606	UNSPENT CG - PROVINCIAL GOVERNMENT
1791315000	GRANTS-OP-KZ-YOUTH	-1 486 113	1 316 864	-	-	-	-	-	-75 840	-	-245 089	UNSPENT CG - PROVINCIAL GOVERNMENT
1791317000	GRANTS-OP-KZNPMBAIRP	-54 118	-	-	54 118	-	-	-	-	-	0	UNSPENT CG - PROVINCIAL GOVERNMENT
1791114000	GRANTS UNSPENT-CP-KZN-TREASURY - ORIBI AIRPORT	-	54 118	-	-54 118	-	-	-	-	-	0	UNSPENT CG - PROVINCIAL GOVERNMENT
1791115000	GRANTS-CP-KZ-DLULIS	-1 000 000	-	-	-	-	-	-	-	-	-1 000 000	UNSPENT CG - PROVINCIAL GOVERNMENT
1791312000	GRANTS-OP-KZ-DLULIS	-500 000	-	-	-	-	-	-	-	-	-500 000	UNSPENT CG - PROVINCIAL GOVERNMENT
		<b>-88 734 714</b>	<b>76 265 537</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>86 311</b>	<b>-</b>	<b>-6 100 950</b>	<b>-80 165 748</b>	<b>-98 649 565</b>	
		<b>-122 349 584</b>	<b>447 958 966</b>	<b>7 096 415</b>	<b>0</b>	<b>33 614 849</b>	<b>86 311</b>	<b>46 570 842</b>	<b>-6 100 950</b>	<b>-534 835 748</b>	<b>-127 958 879</b>	



## MSUNDUZI LOCAL MUNICIPALITY

## APPENDIX E1

## SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

<u>NO.</u>	<u>MATTER</u>	<u>MATTER TYPE</u>	<u>YEAR INITIATED</u>	<u>ATTORNEY/ADVOCATE INSTRUCTED</u>	<u>Current status as at and quantum, where applicable</u>	<u>Amount in Rands</u>	<u>Probability of outflow</u>
2	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	128 734	Not probable
3	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	649 496	Not probable
4	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	File retrieved from Bhamjee Attorneys	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	358 665	Not probable
5	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R 210 749.00 Plus Vat at 14 per cent. In court.	240 254	Not probable
9	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	5 473 279	Not probable
12	Makungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	R 6 213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	35 018	Not probable
13	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R 198 840.00 plus interest at 15.5 per cent per annum. The defendant's plea has been filed. The matter is ongoing.	1 120 695	Not probable
15	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Relief Street.	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Ongoing.	112 723	Not probable
16	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	487 980	Not probable
19	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R15 080.00 plus interest at 15.5 per cent per annum. The matter is ongoing.	84 993	Not probable
21	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	295 292	Not probable
22	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	130 195	Not probable
26	Haffejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	R98 800.00 plus interest at 15.5 per cent per annum. Ongoing	857 999	Not probable

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<u>NO.</u>	<u>MATTER</u>	<u>MATTER TYPE</u>	<u>YEAR INITIATED</u>	<u>ATTORNEY/ADVOCATE INSTRUCTED</u>	<u>Current status as at and quantum, where applicable</u>	<u>Amount in Rands</u>	<u>Probability of outflow</u>
28	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part heard. Unlawful arrest.	325 489	Not probable
37	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-heard.	55 367	Not probable
48	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	365 795	Not probable
49	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	347 505	Not probable
50	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing. R 300 000.00 plus interest at 15.5 per cent per annum. CURRENT STATUS: This matter has been archived.	1 097 385	Not probable
51	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum.	506 992	Not probable
63	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-heard.	1 034 535	Not probable
65	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	R 200 000.00 plus interest at 15.5 per cent per annum. Ongoing.	731 590	Not probable
73	3 DM contractors v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2011	Diedricks attorneys, 90 Roberts road, claredon, Pietermaritzburg, tel: 3429808, fax: 0862191672, e-mail: admin@diedricksattorneys.co.za, Adv Flemming, Tel: 033 845 3501	R 66 930.35	66 930	Not Probable
76	Diadla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. The defendant's plea has been filed. The matter is ongoing.	345 333	Not probable
83	KZN-Digi connect v Msunduzi	Claim by contractor for payment for IT services allegedly rendered.	2012	Kwela Attorneys. 224 Boom Street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Tel: 033 394 8116	R505 000.00 plus interest @ 15.5% p/a plus legal costs. Matter in abeyance.	1 384 731	Not probable
97	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum. Ongoing.	383 780	Not probable
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Oct-12	Internal	R 293 000.00 plus interest at 15.5 per cent per annum. Matter ongoing.	774 990	Not probable
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Dec-12	Internal/Insurance	R 267 660.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	691 164	Not probable

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113	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Mar-13	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	21 642	Not probable
119	Indo Contractors cc	Termination of contract: contract dispute with Contractor claiming premature termination.	2013	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xaba-inc.com / mail@xaba-inc.com	Contractor claiming R 2 million. Matter still to be decided on arbitration.	2 000 000	Not Probable
123	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R 124 734,50. Matter ongoing.	124 735	Not probable
127	Imbali Mens Hostel	Municipality seeking the reversal of various title deeds on the basis of unlawful registrations. 3 unlawful property owners deceased and only 1 deceased estate reported. Trace reports received and summons prepared for 11 matters. For remaining matters we await the Registrar to allocate these matters for pre-trial conference. Default judgements to be lodged in first week of June 2015.	2013	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	No monetary claim. Costs and further legal fees cannot be quantified at this stage as the matter on-going.	0	Not probable
129	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage. Matter ongoing.	0	Not probable
130	CDK Investments Trust CC	Electricity Disconnection Acc number 2976214. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage. Matter ongoing.	0	Not probable
136	Transnet/ Occupiers of Woodlands and Msunduzi Municipality	Application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers.Social survey now completed. Application for funding to relocate the occupiers made to DOHS.	2013	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate Moodley	No monetary claim. Matter ongoing and building has commenced. Once building has been completed, relocation of illegal occupiers can commence. Construction of alternative accommodation has been suspended while Municipality seeks alternative contractor for construction.	0	Not probable
141	M.E. Mnguni/ Msunduzi Municipality	Action instituted to compel the Municipality to build a road under case number 10250/2014, out of the High Court, Pietermaritzburg	2014	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate Anton Flemming	No monetary claim. Applicant to enrolled matter.	0	Not probable
148	Telkom SA SOC LTD/ Msunduzi Municipality (127 Waterwork Road-Edendale) Case No. 13903/2015	Delictual claim: The plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2014	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mflaw.co.za, Adv AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	Action instituted against the municipality for R 74 803.90. The plaintiff has yet to enroll the matter for trial.	74 804	Not Probable.
	Gugu Leeuw	Contravention of Problem Buildings Bylaws	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not probable
	Nashini Reddy / Keshree Reddy v Msunduzi Municipality	Contravention of Problem Buildings Bylaws	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not probable
	Shanaaz Essop	Contravention of Problem Buildings Bylaws	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not Probable
	Navida Marais v Msunduzi Municipality	Interdict Application to prevent unlawful eviction of respondents	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value, potential liability for costs if unsuccessful.	0	Not Probable

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	EOH Mthombo v Msunduzi Municipality	Potential Cancellation of services by service provider	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539 . Email: aflemming@group1pmb.co.za	No monetary value.	0	Not probable
	Menzi Mpanza v Msunduzi Municipality	Interdict for the reconnection of Applicant's electricity at Unit 4, Goal Flats, 1 Prince Alfred Street. Application for contempt of interim order granted as stated above.	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not Probable
	Pranesh Indrajith v Msunduzi Municipality	Interdict for the reconnection of Applicant's electricity at 25 Naidoo Road, Raisethorpe	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv D Crampton 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3512 . Email: davidc@pmbaw.co.za	No monetary value	0	Not Probable
	A Maharaj/ N Maharaj v Msunduzi Municipality	Application for an interdict due to contravention of Building and Town Planning Bylaws taking place at 44 Bangalore Road, Northdale.	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv M Mazbuko 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3539 . Email: ms.mazbuko@gmail.com	No monetary value	0	Not Probable
151	E. G. Alexander	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	2014	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539 . Email: aflemming@group1pmb.co.za	R 83 499,16	83 499	Not Probable
	Farouk Jasat N.O & 3 others v Msunduzi Municipality	Delictual Claim for damages: Plaintiffs motor vehicle collided with a pothole on Scania Road intersection. Action instituted in the Magistrate's Court under case No. 2219/2015	2014	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:alicia@mflaw.co.za,	Action instituted against the Municipality for R 54 588,60. Matter is defended and has not been enrolled for trial as yet by the Plaintiff.	54 589	Not Probable
163	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R 170 100 ,69. This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170 101	Not probable
	Deveng Africa Consulting (PTY) LTD and Municipal Manager, The Msunduzi Municipality/ The Msunduzi Municipality	Contractual Claim	2018 February	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	R5 309 127.01 . Plea filed awaiting replication.	5 309 127	Not Probable
166	Lloyd Mentory/ Msunduzi Municipality	Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate Anton Flemming	Action instituted against the municipality for R 31 487,02. The taxation has been finalised and monies due to the Municipality in this regard and we have processed the payment due to the Municipality.	31 487	Not probable
171	465 Prince Alfred	interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumbxaba@xabainc.com / mail@xabainc.com	No Monetary Claim	0	Not Probable
173	AJC White	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumbxaba@xabainc.com / mail@xabainc.com	R100 000.00. Plaintiff's Attorneys withdrawn as attorneys on record awaiting Plaintiff to set the matter down for Trial.	100 000	Not Probable
179	53 Hoosen Haffajee Street	interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumbxaba@xabainc.com / mail@xabainc.com	No monetary claim.	0	Not Probable

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180	252 King Edward Drive:	Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	No monetary claim	0	Not Probable
181	Msunduzi Municipality/ Feroz Essa Ismail & 2 others (118 Boom St)	Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za,	The contempt application was successful and the process of recovering the costs due in terms of the Bill of costs has commenced. Respondents have since wrote an application for leave to appeal, which is awaiting a set down date. Matter ongoing.	0	Not Probable
186	Msunduzi Municipality/ The SA Incinerator Company	Delictual Claim for damages. Action instituted in the High Court, Pietermaritzburg under case number 5422/2015	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate H. Gani	R970 568.88 (in respect of the Defendants counterclaim for retention monies). Matter has not been enrolled for trial as yet.	970 569	Not Probable
192	Telkom SA SOC LTD/ Msunduzi Municipality (Orbi Road, Pelham) Case No. (15146/2015)	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:alicia@mflaw.co.za, REF: 22M003128	Action instituted against the municipality for R75 433.42. The plaintiff has yet to enroll the matter for trial.	75 433	Not Probable
193	Telkom SA SOC LTD/ Msunduzi Municipality (Eden Park Drive) Case No. 14572/2015	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:alicia@mflaw.co.za, REF: 22M003161	Action instituted against the municipality for R43 262.08. The plaintiff has yet to enroll the matter for trial.	43 262	Not Probable
194	Gomla Singh	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net	No monetary value, potential liability for costs if unsuccessful.	0	Not probable.
	C Ngcobo ( Willow)	Town Planning	2016	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv A Flemming Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201	No Risk. Estimate of legal fees	0	Not Probable
195	Belinda Lisa Bramdaw	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	Setting up settlement meeting.	0	Not probable.
196	Diedre Doreen Rajah	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No monetary value however the municipality could be liable for costs if unsuccessful. Matter ongoing.	0	Not Probable.
197	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R12 935.00. An appearance to defend has been filed at court.	12 935	Not probable
199	Willowton Group t/a Willowton Oil	Interdict to prevent illegal use of Municipal land in contravention of zoning bylaws	Sep-15	Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net	No monetary value. Costs if unsuccessful.	0	Not probable.
200	C Mbanjwa	Recovery of monies due to unauthorized use of Municipal vehicle for personal use	Jul-05	Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net	R 32 971,93	32 972	Not probable
206	71 New England Road: Avinash Samlall & Others: case no: 14104/15	Application to challenge decision by a Town Planning Tribunal	2015	Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email:emmerson@telkomsa.net Adv A Rail SC; 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rail@lafira.com	No monetary value.Costs if unsuccessful.	0	Not probable.
	50 Pope Ellis Drive	Interdict to prevent the uses of premises for events	2015	Mledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv R Nirghin, 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3520. Email: raniv.nirghin@gmail.com	No monetary value.Costs if unsuccessful.	0	Not probable

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	101 Greyling Street	Interdict to prevent contravention of zoning bylaws	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Legal costs if unsuccessful.	0	Not probable.
	47 Tayton Road	Interdict: restrained from using or allowing others to use the property as offices.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Costs if unsuccessful.	0	Not probable.
	Msunduzi Municipality v S Antony	Laabour Matter: Review of Arbitration Award	2014	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value, potential liability for legal costs if unsuccessful	0	Not Probable
	19 West Street	Interdict: restrained from using or allowing others to use the property as a boarding house.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Legal costs if unsuccessful.	0	Not probable.
	534 Prince Alfred Street	Interdict: restrained from using or allowing others to use the property as a business premises.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Costs if unsuccessful.	0	Not probable.
	8 Polo Avenue	Interdict: restrained from using or allowing others to use the property as a boarding house.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Legal costs if unsuccessful.	0	Not probable.
	79 Boom Street	Interdict: restrained from using or allowing others to use the property as a boarding house.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value,potential liability for legal costs if unsuccessful.	0	Not probable.
	143 Greyling Street	Interdict: restrained from using or allowing others to use the property as a business premises.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value.legal costs if unsuccessful. .	0	Not probable.
	14 Boom Street	Interdict: restrained from using or allowing others to use the property as offices.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value, potential liability for legal costs if unsuccessful.	0	Not probable.
	Electricity Action Gorup	Application to compel the Municipality to implement its Indigent Policy	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net. Adv A Rall SC; 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rall@iafrica.com	No monetary value. Potential liability for legal costs if unsuccessful.	0	Not Probable
	K. Ferose	Application to demolish illegally erected aviaries.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net	No monetary vaulue.Potential liability for costs if unsuccessful	0	Not probable.
222	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	R62 768.00. The summons was issued in the Magistrates Court. Further partulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	62 768	Not probable
200	PH Magubane	Collection of monies from a staff member	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za,	We have issued a summons and have obtained a judgement. We are attempting to recover the money due, the debtor does not appear to have many assets and this means that the prospects of recovering the money is not very good.	0	Not probable
	Victoria Country Club Estate	Town Planning	2017	Diedricks Inc.Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Choudree, Masonic Group, Durban.	No Risk. Estimate of legal fees	0	Not probable
234	Mr Mduduzi Collen Sosibo, Mrs Sosibo	Delictual Claim:The plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	2016	internal	summons were received in the amount of R 132 431, 96 were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	132 432	Not probable

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<u>NO.</u>	<u>MATTER</u>	<u>MATTER TYPE</u>	<u>YEAR INITIATED</u>	<u>ATTORNEY/ADVOCATE INSTRUCTED</u>	<u>Current status as at and quantum, where applicable</u>	<u>Amount in Rands</u>	<u>Probability of outflow</u>
235	AMA-Grace Business Enterprises	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered damages as a result of a burst pipe which then allegedly caused damage to the plaintiff's property.	2016	Internal	The Plaintiff has claimed an amount of R59 042.52. Notices in terms of Rule 23 have been filed and served on the plaintiff.	59 043	Not probable
236	Philani Kenneth Sikhosana	Delictual Claim: The plaintiff is suing the Municipality for damages incurred as a result of the alleged failure of the defendant to keep the Hall in good condition for the Plaintiff's event on time.	2016	Internal	The plaintiff has claimed an amount of R 90 000. A plea has been filed and served on the plaintiff.	90 000	Not probable
239	Prethabran Govender	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein the municipality allegedly caused damages to the properties of eight tenants as a result of a power surge.	2016	Internal	A summons in the amount of R48 200.00 was received. A Notice of Exception in terms of Rule 19 (1) to Plaintiff's Particulars of claim has been filed in court and served on the plaintiff	48 200	Not probable
243	Kua-Siza Transporters CC and Msunduzi Municipality	Delictual claim: The Plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal employee in the course and scope of his employment.	2017	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022	The plaintiff has claimed an amount of R 55 532, 34. Matter is ongoing.	55 532	Not Probable
244	Elizabeth Fredrica Jepson and The Msunduzi Local Municipality	Delictual Claim: The Plaintiff is suing the Municipality for an incident wherein Plaintiff allegedly tripped over the pavement and was injured.	2017	External Insurers	The plaintiff has claimed in the amount of R 600 000.00.	600 000	not probable
245	Electro Technical Agencies cc and Msunduzi Municipality/ Mohamed Shaik	Dectual Claim: The plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal employee in the course and scope of his employment.	2017	Internal	The plaintiff has claimed an amount of R 10 817.73. A notice to withdraw the action was received from the Plaintiff.	10 818	Not Probable
250	Qalapha Jacob Ngubane and Msunduzi Municipality	Delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a power outage which resulted in a power surge.	2017	Internal	The Plaintiff has claimed an amount of R 21 862, 00. An Appearance to defend was filed and served on the Plaintiff.	21 862	Not probable
252	Telkom SA SOC LTD/ Msunduzi Municipality (Zwartkop, Blackridge) Case No. 15793/2015	Delictual claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly caused by Municipal water pipes.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za,	Action instituted against the municipality for R 25 554.55, the plaintiff has yet to enroll the matter for trial.	25 555	Not Probable
255	Msunduzi Municipality/Gubela Trading	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941, e-mail: dewet@group8.co.za	R595 337.26 plus costs of the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing. Gubela Trading has made a proposal to withdraw the Application against the Municipality with each party to tender its own legal costs.	595 337	Not probable

## MSUNDUZI LOCAL MUNICIPALITY

## APPENDIX E1

## SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount in Rands	Probability of outflow
	Msunduzi Municipality/ Zambanyambos Mbambo and Leonard Hitler Freeze	Action for damages based on fraud/ unjust enrichment instituted in the High Court, Pietermaritzburg under case number 8018/2010	2010	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate Ranjiv Nirghin, 17 Prince Edward Street, Advocates' Chambers, e-mail:ranjiv.nirghin@gmail.com	Matter settled in so far as second defendant is concerned. Matter to be enrolled for trial in respect of first defendant.	0	Not probable
264	Lawrence Ngcobo	Town planning matter: contravention of the Planning and Development Act by running business in special residential area.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	Order granted in favour of the Municipality.In process of recovering costs. Cannot trace debtor.	0	Not probable.
270	35 Pietermaritz Street	New instruction in November, need further instructions from Mr Mdu Mbokazi on the most recent inspection date. The file only records latest date to be October 2013.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not Probable.
273	Archie Gumede	Land invasion, Court Interdict	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200. Adv R Nirgin: 033 845 2501. Block A1, Advocate's Chambers, 17 Prince Edward Street.	No Risk. Estimate of Legal Fees	0	Not probable.
275	Pietermaritzburg Pistol Club	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Dickson 033-845 3501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk. Estimate of legal fees.	0	Not probable.
276	38 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
277	41 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
278	42 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
279	43 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
280	44 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
281	46 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
282	50 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
283	51 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
284	53 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.



**MSUNDUZI LOCAL MUNICIPALITY**

**APPENDIX E1**

**SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019**

<b><u>NO.</u></b>	<b><u>MATTER</u></b>	<b><u>MATTER TYPE</u></b>	<b><u>YEAR INITIATED</u></b>	<b><u>ATTORNEY/ADVOCATE INSTRUCTED</u></b>	<b><u>Current status as at and quantum, where applicable</u></b>	<b><u>Amount in Rands</u></b>	<b><u>Probability of outflow</u></b>
285	54 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
286	55 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
287	56 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
288	13 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
289	17 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
290	21 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
291	27 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
292	11 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
293	29 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
294	14 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
295	13 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
296	33 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
297	31 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
298	4 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
300	15 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable.
301	441 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv Dickson 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk. Estimate of legal fees	0	Not probable.

## MSUNDUZI LOCAL MUNICIPALITY

## APPENDIX E1

## SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount in Rands	Probability of outflow
303	Uphill Trading	Town Planning	2012	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv Dickson 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk. Estimate of legal fees.	0	Not probable.
305	Various	Eviction	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv S Moola 033-897 8482 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No risk. Estimate of legal fees.	0	Not probable.
	V. D. Gunkel (58 Les Van Wyk Drive)	Town Planning: contravention of PDA by running business in special residential area.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No Risk. Awaiting instructions to withdraw the matter.	0	Not probable.
	IXS MCHUNU & OTHERS/ MSUNDUZI MUNICIPALITY	INTERDICT: TOWN PLANNING	2012	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za. REF: 22M003021	No monetary claim. Taxed costs still to be recovered.	0	Not probable
	Msunduzi Municipality/surendra singh & 13 others	INTERDICT: TOWN PLANNING	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, Adv A Potgieter SC & Adv H Gani	No monetary claim. Draft contempt application provided to client, who is to provide additional information from various inspection departments in order to finalise	0	Not probable
	Combined summons-Basfour 3281 CC t/a Save Supermarket and Msunduzi Municipality	Debatement of Electricity Account.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 . Adv Deon Schaup, Tel: 033 845 3501	Risk of R334 920,77.	334 921	Not probable
	MAGICONE INVESTMENTS/ MSUNDUZI MUNICIPALITY	INTERDICT: TOWN PLANNING	2012	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za, Adv H Gani	No monetary claim. Appeal was dismissed with costs. Taxed costs still to be recovered. Contempt application prepared by Counsel and provided to client to confirm veracity of facts alleged.	0	Not probable
	G. Govender/ P. Naidoo and Msunduzi Municipality.	Application in terms of PIE.	2018	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za. REF: 22M003071	No monetary claim. Awaiting outcome of application for absolution. The Municipality has been absolved from the proceedings.	0	Not probable.
	S. Shangase/ Sibisi and 2 others.	Application in terms of PIE.	2018	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, REF: 22M003196	No monetary claim. The Application was set down for hearing on 05 February 2019 . Application was dismissed.	0	Not probable.
	RV. Zulu/ Msunduzi municipality	Application in terms of PIE.	2018	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za, REF: 22M003405	No monetary claim. Matter ongoing.	0	Not probable.
	Nimie Mahomed and The Msunduzi Municipality	Plaintiff is suing the municipality for damages arising out of the Plaintiff allegedly falling on an uneven concrete slab.	Jan-18	External Insurers	R585 400.00.	585 400	Not probable
	Zabalaza Mshengu/ Thabizile Ntombifuthi Ngema / Association for Rural Advancement and Msunduzi Local Municipality/ Umshwathi Local Municipality / Umgungundlovu District Municipality/ Shock proof Investments 71 (Pty) Ltd / Vargapath Propriety Limited / Minister of water and sanitation / Minister of Co-operative Governance and Traditional Affairs/ MEC: Co-operative Governance and Traditional Affairs, KZN	The Plaintiffs are seeking and Order from the courts to order the various Respondents to provide certain municipal services in the areas which they occupy.	Oct-17	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	No monetary claim. Currently awaiting judgment from court.	0	Not Probable.

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SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount in Rands	Probability of outflow
	Abdool Saccor Trust	Dispute in a property transaction: review application in respect of the Municipality's decision to sell the property.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	No monetary claim. Counsel drafting opposing papers.	0	Not Probable.
	Ted Textiles	Application before the High Court to compel the Municipality to place the Applicant on a different electrical tariff scale	Mar-19	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	No monetary claim. Currently preparing answering affidavit	0	Not Probable
	47 Darvil Road	Contravention matter	Feb-19	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	No monetary claim. Contravention notice was sent, currently awaiting dies to expire and a second inspection may be undertaken	0	Not Probable
	Giyani Engineering	Contractual Claim	Nov-17	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	No monetary claim. Parties have exchanged affidavits. Awaiting applicant to set matter down on opposed roll.	0	Not Probable
	Mohammed and Others	Interdict: High Court application for Re-connection of electricity	Oct-17	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	No monetary claim. Applicants' attorney has passed away. Awaiting new attorney to be placed on record.	0	Not Probable
	S. Jetu/ S. P Ngamu/ S.N Ngamu and Msunduzi Municipality	Application for an interdict	2018	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, REF: 22M00	No monetary claim.Respondent has filed Answering Affidavit. Matter to be set down on opposed roll. Matter ongoing	0	Not Probable
	G Hlengwa/ N. N Mthembu	Application in terms of PIE.	2018	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za,	No monetary claim. Applicant has not set matter down for hearing. Matter ongoing. Applicants to set the matter down for hearing.	0	Not Probable
	Ajay Beharie	Labour Dispute		Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200	No risk. Estimate of legal fees.	0	Not Probable
	Glenmer CC t/a Metal Finishing Industries	Town Planning		Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200, Adv Diskson	No risk. Estimate of legal fees	0	Not Probable
	Khuselani Risk Management and Security Services and Others	Contractual Dispute		Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv Broster SC, 6 Durban Club Place, Durban	On merits in relation to KSA, the main applicant, outflow not probable. In relation to two other applicants, Council settled to pay their legal costs, which are currently not yet quantified.	0	Not Probable
	Grant Fryer	Labour dispute before the CCMA relating to fixed term contract.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	The arbitration is held in abeyance by agreement pending the exchange of information between the parties. Applicant took no further steps to refer matter to Arbitration in view of a further fixed term contract offered to him.	0	Not Probable
	Nkabini and Others	Alleged unfair labour practice in relation to termination of the Progressive attainment. Policy for security workers. Application of a collective agreement. Before the Labour Court.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za. Advocate David Crampton	Notice of intended Exception as applicants have not referred their dispute to Conciliation. Matter on-going	0	Not Probable
	Moses Thusi and 230 Others	Unfair discrimination of 230 employees.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za. Advocate David Crampton	Applicant seeks re-employment. Not a monetary claim. Counsel instructed to prepare an application to dismiss the matter. Same served and filed. No opposition from the Applicants.	0	Not Probable

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount in Rands	Probability of outflow
	Thandi Gloria Mayisela	Alleged unfair labour practice. Applicants sought to be considered as a security officer and get security officer benefit.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	Notice to intended Exception as applicants have not referred their dispute to conciliation. Matter on-going	0	Not Probable
	Savari Thevaranjeeth	Application for an Interdict in terms of SPLUMA to prevent contraventions of SPLUMA Bylaws	Jul-05	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not Probable
	ICON Construction (Pty) LTD	Claim for monies due in respect of services rendered.	Jul-05	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv D Crampton , 17 Prince Alfred Street, Pietermaritzburg 3201. Email davidc@pmblaw.co.za. Tel: 033 845 3512	R 2 191 595,71	2 191 596	Not Probable
	T Mbhele	Referral to the South African Local Government Bargaining Council for Arbitration	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A G Flemming, 17 Prince Alfred Street, Pietermaritzburg 3201. Email: aflemming@group1pmb.co.za	Potential back pay to employee from 2016.	0	Not probable
	S Nxele/ T Mshengu v Msunduzi Municipality	Referral to the South African Local Government Bargaining Council for Arbitration	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A G Flemming, 17 Prince Edward Street. Pietermaritzburg;3201. Cell 076 264 6397. Email: aflemming@group1pmb.co.za	Potential back pay to employees	0	Not probable
	G Goodall & Another	Contempt of Court Application against private individuals concerning land grabs where the applicant seeks assistance from the Municipality and the Land Invasion Unit	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value, potential liability for legal costs if unsuccessful	0	Not probable
	F Sheik	Spoliation Application involving a stand at the Debi Market	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv M Mazibuko 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: ms.mazibuko@gmail.com	No monetary value, potential liability for legal costs if unsuccessful.	0	Not Probable
	Nomfundo Thandeka Makhaye and Msunduzi Local Municipality.	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.	2018	Internal	The Plaintiff has claimed an amount of R 19 788.31. Matter is ongoing	19 788	Not probable
	Bhekumuzi Alphios Dlamini and The Mayor: Msunduzi Local Municipality and The Municipal Manager: Msunduzi Local Municipality and Spumelele Ngcobo	The Applicant has applied for condonation in the High Court in for not having complied with section 3 of Act 40 of 2002.	2019	Internal	The claimant has not issued summons but has filed an application for condonation in the High Court. According to the papers and the letter of demand attached to the papers, an amount of R309 000.00 is claimed in paragraph 3 of the letter excluding costs. This amount could change on summons. The Respondent filed its Notice to Oppose the matter in court and served it on the Applicant.	309 000	Not Probable
	Bayaphambile Properties 55 (Pty) Ltd	Town planning.	2018	Shannon Lawrence Diedricks of Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	To file a Replying Affidavit. Consulting with officials on 6th May 2019.	0	Not Probable
	Manzimati Trading	Town Planning	2019	Shannon Lawrence Diedricks of Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No monetary value. Received Summons. Drafting papers.	0	Not Probable
161	Anton Venter	Interdict against Municipality for road construction.	2014	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	Applicant's application for contempt of Court Order is set down for hearing on 20 May 2019.	0	Probable
188	Moosa Omar	Debate of Electricity Account.	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	Matter to be set down for taxation.	0	Probable

## MSUNDUZI LOCAL MUNICIPALITY

## APPENDIX E1

## SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2019

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount in Rands	Probability of outflow
	Takeshape Properties	Debate of services account R 413 213, 72	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv Potgieter 033-845 3501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No risk. Estimate of legal fees	0	Probable.
253	IMA PROP 29 CC	Interdict: Applicants/Plaintiffs sought to interdict the Municipality from disconnecting electricity supply to their various buildings.	2016	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax 0862428747, e-mail: mail@mflaw.co.za, advocate De Wet SC, 17 Prince Edward Street, Advocates' Chambers	No monetary claim. Trial adjourned sine die to attempt settlement, following Plaintiff's application for amnesty for rates and services amounts outstanding. Schedules depicting current outstanding amounts for rates and services provided to Defendant's attorneys and we await proposed settlement amount	0	Probable
	Certificate of Urgency in the matter Kwezi Cash and Carry CC (Reg No. 1994/029959/23 and The Msunduzi Municipality Case No. 13363/17P	Interdict: The matter involves a dispute over the placement and use of electricity meters on the property	2017	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax 0862428747, e-mail: mail@mflaw.co.za,	Costs cannot be quantified at this stage. The Plaintiff has requested a meeting to settle the matter. The Municipality has undertaken to provide certain documentation to the other side in order to facilitate settlement.	0	Probable
82	Planet Waves 399	Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.	2012	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	Planet Waves sued for R1 694 937.70 and Municipality countersued for R 1, 940 934.00.	1 694 938	Probable
	A S Variawa/ Y Cassim	Eviction application as a result of an encroachment by Municipality onto the Applicant's land.	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022. 17 Prince Edward Street, PMB, 3201. Adv A Fleming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. E-mail: aflemming@group1pmb.co.za	No monetary value. Potential conveyancing costs payable.	0	Probable
	Standard Bank v Msunduzi Municipality	Interdict to compel the Municipality to provide rates clearance figures.	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022.	No monetary value, potential liability for costs if unsuccessful.	0	Probable
	Simphiwe Dube	Interdict for the return of a motor vehicle, Contempt Application for not complying with the Interdict Order and Rescission Application for Initial Interdict	2019	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg; 3201; Tel 033 345 4022. Adv V Moodley, 17 Prince Alfred Street, Pietermaritzburg 3201. Tel: 033 845 3591. Email: vershen@advnmoodley.co.za	No monetary value claimed, however, there might be liability for the value of the lost vehicle.	0	Probable
	<b>TOTAL</b>					<b>34 029 253</b>	
	NOTES:						
	1. The Municipality is also involved in numerous cases regarding the collection of outstanding service charges owed by consumers.						
	For the purpose of this exercise, these cases are not listed here.						
	2. The Municipality has been granted authority by the National Prosecuting Authority to commence criminal prosecutions in the Magistrate's court against offenders of Municipal Bylaws.						
	These prosecutions are not listed here.						

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable.</b>	<b>Amount</b>	<b>Probability of outflow</b>
2	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	111 458	Not probable
3	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	562 333	Not probable
4	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	File retrieved from Bhamjee Attorneys	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	310 533	Not probable
5	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R 210 749.00 Plus Vat at 14 per cent. In court.	890 674	Not probable
9	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	4 738 770	Not probable
12	Makungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	R 6 213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	30 318	Not probable
13	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R 198 840.00 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	970 299	Not probable
15	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Retief Street.	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Ongoing.	97 596	Not probable
16	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	422 493	Not probable
18	Majozi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Retief Street.	2007	Uys Matyeka Schwartz: Tel 031 312 2064 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R110 046.28 plus interest at 15.5 per cent per annum. Part-heard. R110 046.28 plus interest at 15.5 per cent per annum. Part-heard. CURRENT STATUS : This matter has been archived.	537 004	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable.</b>	<b>Amount</b>	<b>Probability of outflow</b>
19	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R15 080.00 plus interests at 15.5 per cent per annum. The matter is ongoing.	73 587	Not probable
21	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	255 664	Not probable
22	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	112 723	Not probable
26	Haffejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	R98 800.00 plus interest at 15.5 per cent per annum. Ongoing	742 856	Not probable
28	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part-heard. Unlawful arrest.	281 808	Not probable
36	Mthimkhulu S. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality on behalf of a minor child who was injured when an electrical meter box exploded and caught fire in the vicinity of Wonderers Crescent.	2009	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 204 650. 00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action. R 204 650. 00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action. CURRENT STATUS : This matter has been archived.	748 600	Not probable
37	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-head.	47 937	Not probable
48	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	316 706	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
49	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	300 870	Not probable
50	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing. R 300 000.00 plus interest at 15.5 per cent per annum. CURRENT STATUS : This matter has been archived.	950 117	Not probable
51	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum.	438 954	Not probable
53	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 200 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing. Claimant is deceased and Plaintiff's Attorneys has no further instructions to proceed.	633 411	Not probable
58	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell off her bicycle due to a collision with a pothole/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 262 473.98 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing. CURRENT STATUS : Pre-Trial has been finalised. Merits have been conceded by the other side. Proceeding on Quantum alone. Pleadings have closed and the Plaintiff's Attorney's are applying for a Trial date. We therefore currently await a trial date to be allocated.	831 270	Not probable
63	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-heard.	895 701	Not probable
65	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	R 200 000.00 plus interest at 15.5 per cent per annum. Ongoing.	633 411	Not probable
76	Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	298 989	Not probable
83	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Alwyn Volsum & Associates. 4 Geore street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Fax:096 715 1379 Tel: 033 394 8116	Claim for R505 000.00 plus legal interest @15.5% plus legal costs. Matter laying dormant not being pursued by plaintiff.	1 198 901	Not probable
85	L. Naidoo & another/ Msunduzi Municipality	Delictual Claim: An embankment collapsed into Plaintiff's property causing damage.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za,	R 6 000. Matter was settled. Attorneys in the process of recovering costs in the matter	9 245	Not Probable



<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable.</b>	<b>Amount</b>	<b>Probability of outflow</b>
95	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 180 000.00 plus interest at 15.5 per cent per annum. A Discovery affidavit has been filed. The matter is ongoing. CURRENT STATUS : This matter is dormant and the last activity was in 2013. Therefore, we have archived our file.	427 331	Not probable
97	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.Ongoing.	332 277	Not probable
100	Wozataintment CC v. Msunduzi Municipality	Contractual claim: Summons was issued in the Regional Court for an alleged contract for the supply of a marquee, stage chairs and a band to the Municipality.	2012	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	R 214 400.00 plus interest at 15.5 per cent per annum.Awaiting ruling from Magistrate.Matter is still ongoing.	508 999	Not Probable
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	2012	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.Ongoing.	695 600	Not probable
109	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 123 000.00 plus interest at 15.5 per cent per annum. The Defendant has filed an amended plea. The matter is ongoing. CURRENT STATUS : Pleadings closed in November 2014. The Defendant (Msunduzi Municipality) filed its discovery affidavit and the Plaintiff (Wood) filed its discovery affidavit. Therefore, the matter is ready for trial. The Plaintiff has taken no further steps	292 010	Not probable
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2012	Internal/Insurance	R 267 660.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	635 441	Not probable
113	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2013	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	17 859	Not probable
123	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R 124 734.50. Matter ongoing.	124 735	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
127	Imbali Mens Hostel	Municipality seeking the reversal of various title deeds on the basis of unlawful registrations. 3 unlawful property owners deceased and only 1 deceased estate reported. Trace reports received and summons prepared for 11 matters. For remaining matters we await the Registrar to allocate these matters for pre-trial conference. Default judgements to be lodged in first week of June 2015.	2013	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	No monetary claim. Costs and further legal fees cannot be quantified at this stage as the matter on-going.	0	Not probable
129	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.	0	Not probable
136	Transnet/ Occupiers of Woodlands and Msunduzi Municipality	Application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers.Social survey now completed. Application for funding to relocate the occupiers made to DOHS.	2013	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Moodley	No monetary claim. Matter ongoing and building has commenced. Once building has been completed, relocation of illegal occupiers can commence. Construction of alternative accommodation has been suspended while Municipality seeks alternative contractor for construction.	0	Not probable
141	M.E. Mnguni/ Msunduzi Municipality	Action instituted to compel the Municipality to build a road under case number 10250/2014, out of the High Court, Pietermaritzburg	2014	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Anton Flemming	No monetary claim. Matter has not been enrolled for trial as yet by the plaintiff.	0	Not probable
	Gugu Leeuw	Contravention of Problem Buildings Bylaws	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not probable
	Nashini Reddy / Keshree Reddy v Msunduzi Municipality	Contravention of Problem Buildings Bylaws	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not probable
	Shanaaz Essop	Contravention of Problem Buildings Bylaws	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not probable
	Navida Marais v Msunduzi Municipality	Interdict Application to prevent unlawful eviction of respondents	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value, potential liability for costs if unsuccessful.	0	Not probable
	EOH Mthombo v Msunduzi Municipality	Potential Cancellation of services by service provider	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539. Email: aflemming@group1pmb.co.za	No monetary value.	0	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
	Menzi Mpanza v Msunduzi Municipality	Interdict for the reconnection of Applicant's electricity at Unit 4, Goal Flats, 1 Prince Alfred Street. Application for contempt of interim order granted as stated above.	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022.	No monetary value	0	Not probable
	Pranesh Indrajith v Msunduzi Municipality	Interdict for the reconnection of Applicant's electricity at 25 Naidoo Road, Raisethorpe	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv D Crampton 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3512 . Email: davidc@pmblaw.co.za	No monetary value	0	Not probable
	A Maharaj/ N Maharaj v Msunduzi Municipality	Application for an Interdict due to contravention of Building and Town Planning Bylaws taking place at 44 Bangalore Road, Northdale.	2018	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv M Mazibuko 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3539 . Email: ms.mazibuko@gmail.com	No monetary value	0	Not probable
151	E. G. Alexander	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	2014	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. 17 Prince Edward Street, PMB, 3201. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539 . Email: aflemming@group1pmb.co.za	R83 499.16 plus interest at 15.5 per cent per annum.Matter postponed for Pre-Trial Conference. Awaiting date from Applicant.	148 597	Not Probable
163	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R 170 100 .69. This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170 101	Not probable
166	Lloyd Mentory/ Msunduzi Municipality	Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Anton Flemming	Action instituted against the municipality for R 31 487.02 but absolution from the instance granted in the municipality's favour. Costs still to be recovered.	31 487	Not probable
171	465 Prince Alfred	interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	No Monetary Claim	0	Not probable
173	AJC White	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	R100 000.00. Plaintiff's attorneys have withdrawn as attorneys of record. Plaintiff to set matter down for trial.	100 000	Not Probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable.</b>	<b>Amount</b>	<b>Probability of outflow</b>
179	53 Hoosen Haffjee Street	interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	No monetary claim.	0	Not Probable
180	252 King Edward Drive:	Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	No monetary claim	0	Not Probable
181	Msunduzi Municipality/ Feroz Essa Ismail & 2 others (118 Boom St )	Interdict by municipality to prevent unauthorised town planning use in terms of the Planning and Development Act	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	The contempt application was successful and the process of recovering the costs due in terms of the Bill of costs has commenced. Respondents have since wrote an application for leave to appeal, which is awaiting a set down date. Matter ongoing.	0	Not Probable
194	Gomla Singh	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Mledle Inc. 187 Hoosen Haffjee Street Pietermaritzburg,3201; Tel 033 345 4022. Email: emmerson@telkomsa.net	No monetary value, potential liability for costs if unsuccessful.	0	Not Probable
	C Ngcobo ( Willow)	Town Planning	2016	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv A Flemming Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201	No Risk. Estimate of legal fees	0	Not Probable
195	Belinda Lisa Bramdave	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	Setting up settlement meeting.	0	Not Probable
196	Diedre Doreen Rajah	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No monetary value however the municipality could be liable for costs if unsuccessful. Matter ongoing.	0	Not Probable
197	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R12 935.00. An appearance to defend has been filed at court.	12 935	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
199	Willowton Group t/a Willowton Oil	Interdict to prevent illegal use of Municipal land in contravention of zoning bylaws	Sep-15	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net	No monetary value. Costs if unsuccessful.	0	Not probable
206	71 New England Road: Avinash Samlall & Others: case no: 14104/15	Application to challenge decision by a Town Planning Tribunal	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email:emmerson@telkomsa.net Adv A Rall SC; 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rall@iafrica.com	No monetary value.Costs if unsuccessful.	0	Not probable
	50 Pope Ellis Drive	Interdict to prevent the uses of premises for events	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Adv R Nirghin, 17 Prince Edward Street, PMB, 3201. Tel: 033 845 3520. Email: ranjiv.nirghin@gmail.com	No monetary value.Costs if unsuccessful.	0	Not probable
	101 Greyling Street	Interdict to prevent contravention of zoning bylaws	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Legal costs if unsuccessful.	0	Not probable
	47 Tayton Road	Interdict: restrained from using or allowing others to use the property as offices.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Costs if unsuccessful.	0	Not probable
	Msunduzi Municipality v S Antony	Laabour Matter: Review of Arbitration Award	2014	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value, potential liability for legal costs if unsuccessful	0	Not probable
	19 West Street	Interdict: restrained from using or allowing others to use the property as a boarding house.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Legal costs if unsuccessful.	0	Not probable
	534 Prince Alfred Street	Interdict: restrained from using or allowing others to use the property as a business premises.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Costs if unsuccessful.	0	Not probable
	8 Polo Avenue	Interdict: restrained from using or allowing others to use the property as a boarding house.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value. Legal costs if unsuccessful.	0	Not probable
	79 Boom Street	Interdict: restrained from using or allowing others to use the property as a boarding house.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value,potential liability for legal costs if unsuccessful.	0	Not probable
	143 Greyling Street	Interdict: restrained from using or allowing others to use the property as a business premises.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value.legal costs if unsuccessful. .	0	Not probable
	14 Boom Street	Interdict: restrained from using or allowing others to use the property as offices.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022	No monetary value, potential liability for legal costs if unsuccessful.	0	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
	Electricity Action Gorup	Application to compel the Municipality to implement its Indigent Policy	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net Adv A Rall SC; 17 Prince Edward Street, Pietermaritzburg. Tel: 033 845 3529. Email: rall@iafrica.com	No monetary value. Potential liability for legal costs if unsuccessful.	0	Not probable
	K. Ferose	Application to demolish illegally erected aviaries.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. Email: emmerson@telkomsa.net	No monetary value. Potential liability for costs if unsuccessful	0	Not probable
222	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	R62 768.00. The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	62 768	Not probable
200	PH Magubane	Collection of monies from a staff member	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	We have issued a summons and have obtained a judgement. We are attempting to recover the money due, the debtor does not appear to have many assets and this means that the prospects of recovering the money is not very good.	0	Not probable
	Victoria Country Club Estate	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Choudree, Masonic Group, Durban.	No Risk. Estimate of legal fees	0	Not probable
226	Various Employees from Community Services (31)/ Msunduzi Municipality	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	R350 000.00 claimed by each employee. The matter is ongoing.	10 850 000	Not probable
227	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	R919 979.31. A summons has been received. An appearance to defend will be filed at court. Matter on-going.Matter settled.	919 979	Not probable
234	Mr Mduduzi Collen Sosibo, Mrs Sosibo	Delictual Claim:The plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	2016	internal	summons were received in the amount of R 132 431, 96 were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	132 432	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
235	AMA-Grace Business Enterprises	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered damages as a result of a burst pipe which then allegedly caused damage to the plaintiff's property.	2016	Internal	The Plaintiff has claimed an amount of R59 042.52. Notices in terms of Rule 23 have been filed and served on the plaintiff.	59 043	Not probable
236	Philani Kenneth Sikhosana	Delictual Claim: The plaintiff is suing the Municipality for damages incurred as a result of the alleged failure of the defendant to keep the Hall in good condition for the Plaintiff's event on time.	2016	Internal	The plaintiff has claimed an amount of R 90 000. a plea has been filed and served on the plaintiff.	90 000	Not probable
239	Prethabran Govender	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein the municipality allegedly caused damages to the properties of eight tenants as a result of a power surge.	2016	Internal	A summons in the amount of R R48 200.00 was received. A Notice of Exception in terms of Rule 19 (1) to Plaintiff's Particulars of claim has been filed in court and served on the plaintiff	48 200	Not probable
245	Electro Technical Agencies cc and Msunduzi Municipality/ Mohamed Shaik	Deductual Claim: The plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal driven by a Municipal employee in the course and scope of his employment.	2017	Internal	The plaintiff has claimed an amount of R 10 817.73. A notice to withdraw the action was received from the Plaintiff.	10 818	Not Probable
250	Qalapha Jacob Ngubane and Msunduzi Municipality	Delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a power outage which resulted in a power surge.	2017	Internal	The Plaintiff has claimed an amount of R 21 862, 00. During the month of May 2017, and Appearance to defend was filed and served on the Plaintiff.	21 862	Not probable
254	Zama Traffic Signals	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941, e-mail: dewet@group8.co.za	R1 076 846.01 plus costs of the application. We managed to successfully oppose the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	1 076 846	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
255	Msunduzi Municipality/Gubela Trading	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	R595 337.26 plus costs of the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	595 337	Not probable
264	Lawrence Ngcobo	Town planning matter: contravention of the Planning and Development Act by running business in special residential area.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Deon Schaup 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Order granted in favour of the Municipality.In process of recovering costs.	0	Not probable.
270	35 Pietermaritz Street	New instruction in November, need further instructions from Mr Mdu Mbokazi on the most recent inspection date. The file only records latest date to be October 2013.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
273	Archie Gumede	Land invasion, Court Interdict	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200. Adv R Nirgin: 033 845 2501. Block A1, Advocate's Chambers, 17 Prince Edward Street.	No Risk. Estimate of Legal Fees	0	Not probable
275	Pietermaritzburg Pistol Club	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Dickson 033-845 3501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk.Estimate of legal fees.	0	Not probable
276	38 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable



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<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
277	41 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
278	42 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
279	43 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
280	44 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
281	46 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
282	50 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
283	51 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
284	53 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
285	54 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
286	55 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
287	56 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
288	13 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
289	17 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
290	21 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
291	27 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
292	11 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
293	29 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
294	14 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
295	13 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
296	33 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
297	31 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
298	4 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
300	15 McCullum Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Estimate of legal fees	0	Not probable
301	441 Pietermaritz Street	Town Planning	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Dickson 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk. Estimate of legal fees	0	Not probable

<b>MSUNDUZI LOCAL MUNICIPALITY</b> <b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019</b> <b>APPENDIX E2</b> <b>SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</b>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
303	Uphill Trading	Town Planning	2012	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Dickson 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk. Estimate of legal fees.	0	Not probable
305	Various	Eviction	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv S Moola 033-897 8482 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No risk. Estimate of legal fees.	0	Not probable
	V. D. Gunkel (58 Les Van Wyk Drive)	Town Planning: contravention of PDA by running business in special residential area.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200	No Risk. Awaiting instructions to withdraw the matter.	0	Not probable
	IXS MCHUNU & OTHERS/ MSUNDUZI MUNICIPALITY	INTERDICT: TOWN PLANNING	2012	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:alicia@mfilaw.co.za. REF: 22M003021	No monetary claim. Taxed costs still to be recovered.	0	Not probable
	Msunduzi Municipality/surendra singh & 13 others	INTERDICT: TOWN PLANNING	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mfilaw.co.za, Adv A Potgieter SC & Adv H Gani	No monetary claim. Draft contempt application provided to client, who is to provide additional information from various inspection departments in order to finalise	0	Not probable
	MAGICONE INVESTMENTS/ MSUNDUZI MUNICIPALITY	INTERDICT: TOWN PLANNING	2012	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:alicia@mfilaw.co.za, Adv H Gani	No monetary claim. Appeal was dismissed with costs. Taxed costs still to be recovered. Contempt application prepared by Counsel and provided to client to confirm veracity of facts alleged.	0	Not probable
	G. Govender/ P. Naidoo and Msunduzi Municipality.	Application in terms of PIE.	2018	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mfilaw.co.za. REF: 22M003071	No monetary claim. Awaiting outcome of application for absolution. The Municipality has been absolved from the proceedings.	0	Not probable
	S. Shangase/ Sibisi and 2 others.	Application in terms of PIE.	2018	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mfilaw.co.za, REF: 22M003196	No monetary claim. The Application was set down for hearing on 05 February 2019 . Application was dismissed.	0	Not probable

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<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable</b>	<b>Amount</b>	<b>Probability of outflow</b>
	RV. Zulu/ Msunduzi municipality	Application in terms of PIE.	2018	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, REF:22M003405	No monetary claim. Matter ongoing.	0	Not probable
	Grant Fryer	Labour dispute before the CCMA relating to fixed term contract.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	The arbitration is held in abeyance by agreement pending the exchange of information between the parties. Applicant took no further steps to refer matter to Arbitration in view of a further fixed term contract offered to him.	0	Not probable
	Nkabini and Others	Alleged unfair labour practice in relation to termination of the Progressive attainment. Policy for security workers. Application of a collective agreement. Before the Labour Court.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za. Advocate David Crampton	Notice of intended Exception as applicants have not referred their dispute to Conciliation. Matter on-going	0	Not probable
	Moses Thusi and 230 Others	Unfair discrimination of 230 employees.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za. Advocate David Crampton	Applicant seeks re-employment. Not a monetary claim. Counsel instructed to prepare an application to dismiss the matter. Same served and filed. No opposition from the Applicants.	0	Not probable
	Thandi Gloria Mayisela	Alleged unfair labour practice. Applicants sought to be considered as a security officer and get security officer benefit.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	Notice to intended Exception as applicants have not referred their dispute to conciliation. Matter on-ongoing	0	Not probable
	Musa Edward Mthembu	Unfair Labour Practice relating to an application of a collective agreement. Before the Labour Court.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	Arbitration on the 31st May 2018. Application for condonation – refused. Applicants are seeking reinstatement and compensation (Back pay) of R57 252.00 per annum from 1999. Municipality successfully opposed application for condonation. Matter finalised	1 087 788	Not Probable
	Deveng Africa Consulting (PTY) LTD and Municipal Manager, The Msunduzi Municipality/ The Msunduzi Municipality	Contractual Claim	2018 February	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	R5 309 127.01. Exception raised and awaiting set down on opposed roll.	5 309 127	Not Probable

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<b>NO.</b>	<b>MATTER</b>	<b>MATTER TYPE</b>	<b>YEAR INITIATED</b>	<b>ATTORNEY/ADVOCATE INSTRUCTED</b>	<b>Current status as at and quantum, where applicable.</b>	<b>Amount</b>	<b>Probability of outflow</b>
	Khuselani Security: Case number 4474/16	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	R14 660 993.31. This is a High Court matter. This matter was settled.	14 660 993	Not Probable
	NP Mbanjwa, N Dlamini, S Madlala case no.66/2015	Application in terms of the pie act : application for eviction	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za	No financial implication, Municipality ordered to furnish report or alternative accomodation.We proceeded to file the report as well as the affidavit opposing the contempt application and on 18 April 2016 the application for contempt of court was withdrawn by the applicant with each party to bear its own costs.	0	Not probable
<b>Total</b>						<b>55 864 793</b>	